

For: CMA's, DMA's, and LSA's

**Certificate Gain and Storage Credit Reporting on IRS Form 1099-G**

Approved by: Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

Notice LP-2074 announced that FSA, beginning with the 2007 tax year, will report to producers on IRS Form 1099-G gains resulting from a commodity certificate exchange for outstanding loan collateral in addition to market gains associated with cash repayment of a CCC marketing assistance loan (MAL). See Notice LP-2074, Exhibit 1 for a copy of Internal Revenue Bulletin 2007-33, Notice 2007-63 which prompted FSA to take action. Additionally, it was announced that FSA will also report storage credit amounts, if any, on IRS Form 1099-G for cotton MAL's repaid on or after January 1, 2008.

**B Purpose**

This notice provides information and instructions to:

- CMA's about receiving the data they will receive from FSA on IRS Form 1099-G
- peanut DMA's about the entries they must make on DMA prepared IRS form 1099-G's
- cotton LSA's about capturing and sending certificate gain amounts using the IRS trailer record system.

**C Contact**

LSA's with IT questions shall contact Julie Floriani by:

- e-mail at [julie.floriani@wdc.usda.gov](mailto:julie.floriani@wdc.usda.gov)
- telephone at 202-720-8374.

CMA's, DMA's, and LSA's with policy questions about this notice shall contact Chris Kyer by:

- e-mail at [chris.kyer@wdc.usda.gov](mailto:chris.kyer@wdc.usda.gov)
- telephone at 202-720-7935.

<b>Disposal Date</b>	<b>Distribution</b>
June 1, 2008	State Offices relay to CMA's, DMA's, and LSA's

## Notice CMA-110

### 2 Action

#### A CMA Action

CMA's will continue to receive IRS 1099 G from the Financial Service Center (FSC) in the normal manner. IRS Form 1099-G will contain an amount for market gains which will now also include market gains from commodity certificate exchanges. CMA's shall distribute IRS Form 1099's, if any, to their members in the normal manner according to internal cooperative tax reporting practices.

#### B DMA Action

DMA's:

- will receive IRS Form 1099-G from FSA for reportable transactions resulting from MAL's and LDP's obtained from their FSA service County Office
- shall, for applicable producers who obtained loans through DMA, calculate each producers commodity certificate exchange gain in addition to the market gain resulting from cash repayment of peanut loans
- report market gains and LDP's, including commodity certificate exchange gains on IRS 1099-G to applicable producers for the 2007 tax year.

#### C LSA Action

Software modifications for the LSA IRS trailer record system were placed into production on September 17, 2007. KCAO will provide each LSA with submission instructions and a report of missing trailer records to be submitted to KCAO according to the following schedule:

- September 18-28, 2007 - Adams Land LSA
- October 1-12, 2007 - Fambro LSA
- October 15-26, 2007 - Telmark LSA
- October 29 - November 9, 2007 - Richardson LSA
- November 13-16, 2007 - Sunmark LSA and Cotton Resources Inc.

The period of November 19-30, 2007, will be devoted to resolving any remaining trailer records from LSA's.