

For: State and County Offices and KCMO

Reporting CCC-1099-A's to Producers and IRS

Approved by: Acting Deputy Administrator, Management



1 Overview

A

Background

IRS Code, Section 6050J, requires that CCC, as a lender of money secured by property in connection with a trade or business, file an information return reporting any full or partial acquisition of this property. This requirement applies to CCC when 1 of the following occurs:

- CCC acquires an interest in any property in full or partial satisfaction of any debt
- CCC has reason to know that the property in which it has a security interest has been abandoned.

B

Purpose

This notice provides procedures for State and County Offices for:

- purging prior year price support loan forfeiture, settlement, or abandonment data from the IRS history file
- printing CCC-1099-A's for producers for calendar year 1999 loan collateral acquisitions
- distributing CCC-1099-A's to producers in January 2000
- transmitting CCC-1099-A loan collateral acquisition data to KCMO.

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<p>Disposal Date</p> <p>March 1, 2000</p>	<p>Distribution</p> <p>State Offices and KCMO; State Offices relay to County Offices</p>
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Notice FI-2406

1 Overview (Continued)

C

System Generated CCC-1099-A

A system-generated CCC-1099-A will be used for reporting both original and corrected transactions to the producer. An example of a system-generated CCC-1099-A is in Exhibit 1.

2 Action

A

County Office Action

County Offices shall do the following.

Step	Action
1	Access the CCC-1099-A print option according to 62-FI. Notes: The print option must be selected by all offices. A negative report is required from offices who have no forfeiture, settlement, or abandonment activity, and will only be generated by selecting the print option.
2	Mail CCC-1099-A's to producers by January 21, 2000.
3	Transmit IRS transmission files as of COB Friday, January 21, 2000. Note: The IRS file will automatically be included in the first transmission created using the "Queue All" option after selecting the CCC-1099-A print option.
4	Purge prior year price support loan forfeiture, settlement, or abandonment data recorded in the IRS history file according to 62-FI.

B

KCMO Action

KCMO shall do the following.

Step	Action
1	Monitor transmissions received from County Offices to ensure that IRS files have been received by January 21, 2000.
2	On January 31, 2000, contact State Office computer specialist for each County Office that has not transmitted IRS files and continue contacting State Offices until all IRS history files have been successfully transmitted to KCMO through telecommunication, diskettes, or both.

Example of Computer-Generated CCC-1099-A

U.S. DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY COMMODITY CREDIT CORPORATION					
CCC-1099-A (09-29-1998)		Report of Loan Forfeiture, Settlement, and Abandonment to Producer		* Original * Corrected	Read Attached Important Information
Producer's Name and Address				Producer's ID Number	Calendar Year
ALFRED E RAINER 248 LR 32 ASHVILLE AR 77777-1111				555 55 5555 S	1999
				Lender's Federal ID Number	County/State
				43-0951685	Lincoln, AR
Loan Number	Date of Acquisition	Balance of Principal Outstanding		Fair Market Value of Property	Commodity
1	2	3	4	5	6
1999/00001	9/15/1999	12,656.25		12,656.25	BRLY
TOTALS		\$12,656.25		\$12,656.25	
*CED Signature				*Date	

* Print CED Signature and Date blocks only when corrected form is printed.
 * Print "Original" for forms printed Jan. 1-Feb. 29. Print "Corrected" on forms printed July 1-Aug. 31.

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Example of Computer-Generated CCC-1099-A (Continued)

CCC-1099-A
(09-29-1998)

U.S. Department of Agriculture
Farm Service Agency
Commodity Credit Corporation

IMPORTANT INFORMATION ABOUT CCC-1099-A

This is important tax information and is being furnished to the Internal Revenue Service (IRS). If you are required to file a return, a negligence penalty or other action may be imposed on you if taxable income results from this transaction and IRS determines that it has not been reported.

This form is furnished to assist you in preparing your income tax return. The Commodity Credit Corporation (CCC), must report to IRS, information involving full or partial satisfaction of any indebtedness, by acquiring an interest in property that was security for a CCC loan. CCC must also report information to IRS when CCC has reason to know that such property has been abandoned.

Form CCC-1099-A is a substitute for IRS Form 1099-A, Acquisition or Abandonment of Secured Property. CCC will report loan acquisitions by CCC and the abandonment of property that was security for a loan by producers, partnerships, and joint payees to IRS on the basis of the identification number that appears on the CCC loan forfeiture or settlement document. Each producer is jointly and severally liable for repayment of a CCC loan.

The description of the property acquired by CCC or abandoned by the producer which CCC will report to IRS is the commodity described in the CCC loan agreement.

We recommend you check the amounts shown on Form CCC-1099-A with your records to see that the amounts are correct. If you find the amounts are not correct, or if you have questions regarding the Form CCC-1099-A, contact the County Farm Service Agency (FSA) Office that on behalf of CCC acquired the property that was security for the CCC loan. If you visit the County FSA Office, be sure to bring Form CCC-1099-A with you so that they may more readily identify questionable items. In the event the County FSA Office agrees that an amount is incorrect or missing, the County FSA Office will furnish you a corrected Form CCC-1099-A. CCC is required to furnish IRS notification of any changes, and will do so after July 1.

DATE OF ACQUISITION

This date is CCC's acquisition date of the property that was security for the CCC loan. The date shown is generally the earlier of the date title is transferred to CCC or the date possession and the burdens and benefits of ownership are transferred to CCC. For an abandonment, the date shown is the date on which CCC first determined that the property was abandoned.

**BALANCE OF PRINCIPAL
OUTSTANDING**

This is the amount of the outstanding principal owed to CCC on the loan at the time the interest in the property was acquired by CCC or on the date CCC first determined that the property was abandoned.

**FAIR MARKET
VALUE OF PROPERTY**

This is the fair market value of the property when acquired by CCC or when abandoned by the producer. For loan forfeitures, this amount is loan principal plus and loan charges. For loan settlement or abandonments, this amount is the amount to be settled as shown on Form CCC-692.

COMMODITY

The description identifies the commodity acquired by CCC or abandoned by the producer.