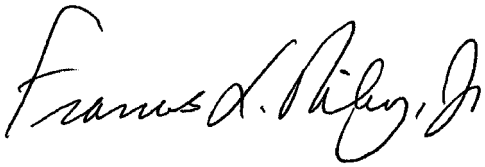
UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FI-2416

For: State and County Offices

Information on Wage and Tax Statements for CO Employees and IRS 1099-MISC

Approved by: Acting Deputy Administrator, Management



1 Overview

A Background

The personnel and payroll functions for CO employees were transferred to NFC effective October 10, 1999. As a result of this transfer, CO employees were payrolled out of 2 different payroll systems in 1999. As of January 31, 2000, employees should have received a 1999 W-2 from each payroll office from which the employee received wages.

The IRS 1099-MISC reporting process was automated in KCMO for 1999 reporting. If the State or County Office manually prepared IRS 1099-MISC, then vendor's receiving IRS 1099-MISC may receive duplicate reports.

B Purpose

This notice advises State and County Offices of:

- the information reported on W-2's
- correction procedures necessary if W-2 is determined to be incorrect
- IRS 1099-MISC reporting by KCMO.

C Contact

If there are any questions about this notice, contact Debbie Barker, FMD, at 703-305-1309.

Disposal Date	Distribution
July 1, 2000	State Offices; State Offices relay to County Offices

2 1999 Wages and Earnings Reported on W-2

A What Is Included in KCMO Prepared W-2

The KCMO-prepared 1999 W-2 includes payments issued by the County Office for:

- pay period 26, 1998 through pay period 20, 1999 wages
- 1999 moving expenses, withholding tax allowance, and RITA claims
- cash awards before October 10, 1999
- lump sum annual leave for an employee separated before conversion to NFC
- other taxable employee payments, such as back pay awards.

Note: KCMO-prepared 1999 W-2's for Alabama, Georgia, and Tennessee cover:

- wages through pay period 11, 1999
- cash awards before June 6, 1999.

B What Is Included in NFC Prepared W-2

The NFC-prepared 1999 W-2 includes payments issued by NFC for:

- pay periods 21 through 25, 1999 wages
- cash awards after October 9, 1999
- lump sum annual leave for an employee separated after conversion to NFC.

Note: NFC-prepared 1999 W-2's for Alabama, Georgia, and Tennessee cover:

- pay periods 12 through 25, 1999 wages
- cash awards after June 5, 1999.

3 Non-Receipt of W-2

A Non-Receipt of KCMO Prepared W-2

The KCMO-prepared W-2's were mailed to the employing County Office for verification of earnings before release to the employee. If OASDI or HIT deductions exceeded the Social Security Administration's tolerance level for differences, W-2 was not issued. County Offices must correct the payment information on the System 36 for W-2 to be issued. Refer to paragraph 4 for correction procedures.

Note: The System 36 calculated OASDI and HIT for all payments except those with T/C "OEP". The T/C "OEP" is a taxable payment, and appropriate OASDI and HIT deductions must be manually calculated and withheld.

Continued on the next page

3 Non-Receipt of W-2 (Continued)

B Non-Receipt of NFC Prepared W-2

The NFC-prepared W-2's were sent to the employee's current mailing address stored in the NFC database. If an employee has not received the NFC-prepared W-2, the State Office shall submit AD-354 to NFC to request a replacement W-2. AD-354 is available on the FSA BBS under the Forms Library. This table describes the entries necessary to complete AD-354.

Block	Entry
Social Security, Account, BOAC, GBL, GTR, Purchase Order, ETC.	Employee's SSN
Agency Code	"CE"
Acct. Station/Personnel Office Identifier	"99SS", where "SS" is the numeric State Code
Name	Employee's name
Type Inquiry: Salary/Allowance	"X"
W-2 for Tax Year	"X", and "1999"
Authorized Signature	Signature of State Office representative
Title	Job title of State Office representative
Phone	Area code and phone number of State Office representative
Date	Date of request

FAX the completed AD-354 to NFC's Payroll/Personnel Operations Section at 504-255-5330. Allow 5 to 7 workdays for the replacement W-2 to be issued.

Note: The requestor must be listed on NFC's Table 063 to submit a request. Verify that the State Office representative is included on Table 063 in NFC's Table Management System. FAX a request for any changes to Table 063 to 703-305-1144, Attn: Debbie Barker.

4 Correcting KCMO-Issued W-2's

A Circumstances That Require a Corrected W-2

KCMO will issue a corrected W-2 in limited circumstances. The following corrections will result in a corrected KCMO W-2 being issued.

- A payment issued manually before December 31, 1999, is recorded in the system on or after January 1, 2000.
- A taxable T/C is changed to a non-taxable T/C. An example is changing "MT" to "ME".
- A payment coded "OEP" does not have the proper OASDI or HIT deductions.
- Local tax was withheld, and there is no local taxing authority.
- Payment was issued using an incorrect SSN.

Note: Before processing corrections, the session date must be changed to a date before January 1, 2000, except when recording manually issued payments.

B Circumstances That Do Not Require a Corrected W-2

Corrections involving an overpayment or underpayment of a prior pay period will not result in a KCMO corrected W-2. Corrections must be processed through the System 36 to determine the corrected gross pay and applicable deductions. After the correction is processed, the County Office shall make a printout of the detailed administrative expense history file showing the original payment and the corrected payment. The administrative expense history file printout must be sent to the State Office for forwarding to NFC. See 115-FI (Rev. 4), paragraph 335 for instructions on printing the administrative expense history file.

The State Office shall attach the administrative expense history file printout to AD-343 as documentation to support the correction request. NFC will take the appropriate action to issue an additional payment for an underpayment, or begin collection procedures for an overpayment. Overpayments and underpayments from a prior year will not result in a corrected W-2. Adjustments will be included in the current year W-2 at NFC.

Note: The Payroll/Personnel Operational Procedures Training scheduled for April 3 through 7, 2000, will provide detailed information on NFC requirements to generate corrections.

5 IRS 1099-MISC Reporting

A KCMO Prepared CCC-1099-MISC

For 1999, KCMO automated an IRS 1099-MISC reporting system to include administrative expense payments based on the T/C used to issue the payment. KCMO prepared CCC-1099-MISC for reportable payments issued by State and County Offices. The following T/C's were included in the automated KCMO IRS reporting:

- ACR
- EEO
- JAR
- ORP
- OUR
- PM
- RN
- RNR
- AER.

If a State or County Office has manually prepared IRS 1099-MISC for these expenses, and has not mailed IRS-1096 to IRS, **do not** mail IRS-1096. Notify vendors that the information on CCC-1099-MISC was provided to IRS, and that the information on IRS 1099-MISC was not furnished to IRS.

IRS will receive duplicate information if IRS-1096 was mailed to IRS. If IRS-1096 was mailed to IRS:

- County Offices shall contact the State Office

- State Offices shall contact Jorge Rivera, FMD, at 703-305-1308 for instructions on handling the duplicate reporting.

Note: County Offices shall prepare IRS 1099-MISC for T/C's "PD" and "SPD". Report the gross amount of the payment in Block 3. Prepare IRS-1096 to transmit IRS 1099-MISC for T/C's "PD" and "SPD".