

For: State and County Offices and KCFO

Reporting CCC-1099-MISC's to IRS For Recipients of Administrative-Related Payments

Approved by: Deputy Administrator, Management



1 Overview

A

Background

IRS-1099-MISC reporting process was automated in KCFO beginning with calendar year 1999 reporting. State and County Offices shall no longer prepare IRS-1099-MISC for administrative-related payment recipients. KCFO will prepare CCC-1099-MISC for all payments required to be reported on IRS-1099-MISC.

During the last week of January 2001, KCFO will coordinate the mailing of CCC-1099-MISC to payees receiving IRS reportable payments during calendar year 2000. State and County Offices shall respond to a recipient's questions and make any changes necessary to record payment data correctly.

B

Purpose

This notice advises State and County Offices:

- that 62-FI, Part 4, paragraphs 105 through 110 are obsolete and will be removed in a future amendment
- that CCC-1099-MISC will be prepared by KCFO

Note: State and County Offices shall **not** manually prepare IRS-1099-MISC.

- of correction procedures necessary if CCC-1099-MISC is determined to be incorrect.

Continued on the next page

<p>Disposal Date</p> <p>July 1, 2001</p>	<p>Distribution</p> <p>State Offices and KCFO; State Offices relay to County Offices</p>
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Notice FI-2470

1 Overview (Continued)

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Contact

If there are questions about this notice, contact Jorge Rivera, FMD, at 703-305-1308.

2 General Information About Reporting Administrative-Related Payment Data

A

Why Are Payments Reported

IRS Code, Section 6041A, requires agencies to report payments made for services during the calendar year. Farm Service Agency/Commodity Credit Corporation (FSA/CCC) must file an informational return when an FSA/CCC administrative-related payment is issued to a recipient during the calendar year.

B

What Payments Are Reported

KCFO will select the following administrative-related payments issued by State and County Offices based on the program code used. When the program code is "ASCSADM" or "STOADM", the transaction code will be used to determine the CCC-1099-MISC reporting block.

Program Code	Transaction Code	Description	Box Reported On CCC-1099-MISC
ASCSADM or STOADM	PM	Postage Meter Rental	Box 1, Rent
	RNR	Rent, Reportable	
	RN	Rent, Non-Reportable	
	EEO	EEO Settlement Agreement	Box 3, Other Income
	ACR	Aerial Compliance, Reportable	Box 7, Non-Employee Compensation
	JAR	Janitorial Services, Reportable	
	AER	SCOAP Equipment Repair	
	OUR	Reportable Utilities	
	ORP	Other Reportable Payments	
XXNAPLAC		NAP Loss Adjuster Contract	
XXCLDAPLAC		CLDAP Loss Adjuster Contract	
XXLAC		Other Loss Adjuster Contracts	

Note: For Calendar Year 2000 and beyond, all rent is reportable.

Continued on the next page

Notice FI-2470

2 General Information About Reporting Administrative-Related Payment Data (Continued)

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**When Will
CCC-1099-MISC
Be Mailed**

Printing of CCC-1099-MISC will begin January 19, 2001, and mailing is scheduled for the week of January 29, 2001. CCC-1099-MISC will be mailed directly to the payment recipient, using the address stored on the Kansas City master name and address file for the recipient's ID number.

3 Incorrect Recipient Mailing Addresses

A

**Reason for
Mailing Error**

The Kansas City master name and address file is updated from State and County Office transmissions of the name and address file. The return address on CCC-1099-MISC will be the address of the State or County Office that issued the payment.

IF CCC-1099-MISC is not delivered because of an...	THEN...
incomplete mailing address	KCFO will mail CCC-1099-MISC to the State or County Office that made the payment.
incorrect mailing address	the post office shall return CCC-1099-MISC to the State or County Office whose address appears as the return address.

B

**Correcting
Recipient's
Mailing Address**

When an undeliverable CCC-1099-MISC is received by the State or County Office, the State or County Office shall:

- obtain the correct address
 - mail CCC-1099-MISC in a correctly addressed envelope
 - update the name and address file for future mailings.
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Notice FI-2470

3 Incorrect Recipient Mailing Addresses (Continued)

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**What To Do
When A Correct
Address Is
Unavailable**

If the correct address cannot be obtained:

- hold CCC-1099-MISC for 60 calendar days or until the recipient contacts the State or County Office, whichever comes first

Note: Undeliverable CCC-1099-MISC may be destroyed by burning or shredding after 60 calendar days.

- delete the ID number from the name and address file.

Notes: Do not return undeliverable CCC-1099-MISC to KCFO.

If the recipient requests CCC-1099-MISC after it has been destroyed, use the "CCC-1099-MISC Disbursements for Calendar Year 2000" Report and prepare CCC-1099-MISC-1 to reflect the payments listed by KCFO.

Do not mail CCC-1099-MISC-1 to KCFO unless there are corrections.

4 KCFO Report of CCC-1099-MISC Information for State and County Offices

A

**Report of
CCC-1099-MISC
Sent to
Recipients**

State and County Offices that have payment activity reported on CCC-1099-MISC will receive a report of CCC-1099-MISC mailed. The "CCC-1099-MISC Disbursements for Calendar Year 2000" Report will be mailed by KCFO the week of February 5, 2001. All reported payments issued by the State or County Office will be listed on the report. This report will be sorted by ID number and payment type.

Note: Keep the report for 4 years after the calendar year in which the payments were reported to IRS. Detail information is not kept at KCFO after the reporting cycle ends.

Continued on the next page

Notice FI-2470

4 KCFO Report of CCC-1099-MISC Information for State and County Offices (Continued)

B

**Disbursement
Data Not
Reported on
CCC-1099-MISC**

State and County Offices that have payment activity that should have been reported on CCC-1099-MISC, but the data could not be reported for some reason, will receive a report of omitted activity. The "Disbursements Omitted From CCC-1099-MISC Reporting for Calendar Year 2000" Report will be mailed by KCFO the week of February 12, 2001.

Disbursements shown on this report must be:

- corrected by the issuing State or County Office
 - reported on CCC-1099-MISC-1 according to paragraph 6 and Exhibit 1.
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**State Office
Notification of
County Office
Data Not
Reported**

State Offices will receive a report of County Office payment activity that should have been reported on CCC-1099-MISC, but the data could not be reported for some reason. The "County Totals of Disbursements Omitted From CCC-1099-MISC Reporting for Calendar Year 2000" Report shows the total payment amount by county and will be mailed by KCFO the week of February 12, 2001.

State Offices shall provide a copy of this report to DD's to assist in monitoring County Office progress in making corrections.

Notice FI-2470

5 Handling Recipients' Questions About Incorrect CCC-1099-MISC

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CCC-1099-MISC As Informational Report

While CCC-1099-MISC is provided to IRS, the payment recipient is responsible for reporting any income to IRS. Providing each recipient with a report of administrative-related payments on CCC-1099-MISC is a service intended to help recipients report taxable income. It is not intended to replace the recipient's responsibility to report income to IRS.

State and County Offices shall **not**:

- interpret IRS regulations
- advise recipients about which payments to report on their income tax returns.

A recipient's question about tax liability must be resolved between the recipient and IRS.

B

Answering a Recipient's Questions

If a payment recipient questions CCC-1099-MISC, compare the "CCC-1099-MISC Disbursements for Calendar Year 2000" Report with the State or County Office payment history records to determine the correct payment amounts. Canceled payments should not appear on the report. However, payment amounts shall not be reduced by any overpayment amount later refunded.

State and County Offices shall:

- not refer recipients to KCFO
 - use KCFO-generated reports in paragraph 4 and the State or County Office payment history file to answer recipient questions.
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Providing a Corrected CCC-1099-MISC

When KCFO-prepared CCC-1099-MISC is in error, the State or County Office where the payment originated shall provide the recipient with a corrected return. Use CCC-1099-MISC-1 to provide the corrected information to the payment recipient and to KCFO. Exhibit 1 provides instructions for completing CCC-1099-MISC-1.

Note: CCC-1099-MISC-1 must include a list of **all** payments issued to the payment recipient, and not only the payments that were previously reported in error. The CCC-1099-MISC-1 information replaces all information previously reported.

Notice FI-2470

6 Use CCC-1099-MISC-1 to Correct Items on the "Disbursements Omitted From CCC-1099-MISC Reporting for Calendar Year 2000" Report

**A
Review KCFO
Report of
Omitted
Disbursements**

Immediately upon receipt of the "Disbursements Omitted From CCC-1099-MISC Reporting for Calendar Year 2000" Report, State and County Offices shall begin reviewing State and County Office payment records to determine why the error occurred.

The following table describes potential errors that may be found and corrective actions to be taken to alleviate future reporting problems.

Problem	Corrective Action
Unknown address	Verify that the Other Name and Address file has been updated with the most current address. Queue and transmit the name and address file to KCFO.
Invalid ID	Verify that the ID number and ID type are correct. Make any necessary corrections to the name and Address file before transmission.

Note: Do not mail the "Disbursements Omitted From CCC-1099-MISC Reporting for Calendar Year 2000" Report to KCFO with corrections. All corrections shall be reported on CCC-1099-MISC-1.

**B
Prepare
CCC-1099-
MISC-1 to
Report Payment**

Transactions on the "Disbursements Omitted from CCC-1099-MISC Reporting for Calendar Year 2000" Report have not been reported to IRS. State or County Offices with disbursement transactions listed must prepare CCC-1099-MISC-1 to properly report these disbursements to IRS. Exhibit 1 provides instructions for completing CCC-1099-MISC-1.

Note: Refund transactions are not reported on CCC-1099-MISC-1.

Notice FI-2470

7 Action

**A
Disbursing Office
Action**

The issuing State or County Office shall:

- mail any CCC-1099-MISC's received in the State or County Office to the last known correct mailing address for the payment recipient
- update the payment recipient's address in the name and address file, as necessary
- research payments listed on the "Disbursements Omitted From CCC-1099-MISC Reporting for Calendar Year 2000" Report
- prepare CCC-1099-MISC-1 to report the payment
- complete CCC-1099-MISC-1 by May 31, 2001
- distribute CCC-1099-MISC-1 according to this table.

Step	Action
1	Send the original to the recipient.
2	Keep a copy in the originating office.
3	Send a copy, with payment history file printouts supporting the payment information, to KCFO at: KCFO/FOD/POB STOP 8588 PO Box 419205 Kansas City, MO 64141-6205.

**B
State Office
Action**

State Offices shall provide:

- assistance to County Offices as needed
 - DD's with the County Summary listing of disbursements omitted from CCC-1099-MISC.
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Notice FI-2470

7 Action (Continued)

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DD Action

DD's shall:

- ensure that County Offices complete CCC-1099-MISC-1 for all payments omitted from the normal reporting
 - review all CCC-1099-MISC-1's prepared by the County Office within their district and document this review by initialing CCC-1099-MISC-1 beside the total amount in item 10.
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D

KCFO Action

KCFO shall review all CCC-1099-MISC-1's received from State and County Offices to ensure that:

- CCC-1099-MISC-1 has an authorized signature
- the correction has been recorded in the automated history file as evidenced by the history file printout attached to the copy of CCC-1099-MISC-1

Note: If printouts are not attached, contact the issuing office and require the issuing office to research the automated history files and provide the required printout.

- the CCC-1099-MISC-1 data is input into the 1099 Miscellaneous System for processing.

Correction data shall then be sent to IRS.

Completing CCC-1099-MISC-1

A

Instructions for Completing CCC-1099-MISC-1 The following table explains the entries to make on CCC-1099-MISC-1.

Item	Information Entered
1	Recipient's name and mailing address.
2	Recipient's ID number and ID type.
3	Date CCC-1099-MISC-1 is prepared.
4	State and County codes of the State or County Office preparing CCC-1099-MISC-1.
5	No entry required. Item is pre-filled with "Corrected 2000".
6	<p>List each payment made by issue date and type of payment.</p> <p>Notes: See subparagraph 2 B for the types of payments.</p> <p>If this CCC-1099-MISC-1 is replacing KCFO-issued CCC-1099-MISC, this form must include all payments correctly recorded on the original CCC-1099-MISC. This form is replacing the original CCC-1099-MISC.</p>
7	Amount of payment if payment is for rent.
8	Amount of payment for "Other Income".
9	Amount of payment for "Non-employee Compensation".
10	Total of Boxes 1, 3, and 7.
11	Insert the State or County Office name, address, and telephone number for inquiries.
12	<p>The authorized signature for:</p> <ul style="list-style-type: none"> • County Offices is CED • State Offices is the Administrative Officer (AO). <p>Note: The authority may not be delegated to another County Office employee. However, if necessary, the DD or COC chairperson may sign CCC-1099-MISC-1 in place of CED. In State Offices, SED may sign in place of AO.</p>
13	Date signed by the authorized individual.

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Completing CCC-1099-MISC-1 (Continued)

B
Copy of
CCC-1099-
MISC-1
(Continued)

CCC-1099-MISC-1 (12-31-00) (Reverse)

IMPORTANT INFORMATION

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 sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported. Form CCC-1099-MISC is a substitute for IRS Form 1099-MISC, Miscellaneous Income.

This form is furnished to assist you in preparing your income tax return. Amounts shown on this form may be subject to Self-employment tax. If your net income from self-employment is \$400 or more, you must file a return and compute your self-employment tax on Schedule SE (IRS Form 1040). See IRS Pub. 533, Self-Employment Tax, for information on self-employment income. If no income or social security and Medicare taxes were withheld by the payer, you may have to make estimated tax payments if you are still receiving these payments. See IRS Form 1040-ES, Estimated Tax for Individuals. If you are an individual, report the taxable amounts shown on this form on IRS Form 1040, as explained below. (Others, such as corporations, fiduciaries, or partnerships, report the amounts on the proper line of your tax return.)

Item 7 (Box 1) Report rents from real estate on Schedule E (IRS Form 1040). If you provided significant services to the tenant, sold real estate as a business, or rented personal property as a business, report on Schedule C or C-EZ (IRS Form 1040).

Item 8 (Box 3) Generally, report on the "Other income" line of IRS Form 1040 and identify the payment. If it is trade or business income, report this amount on Schedule C, C-EZ, or F (IRS Form 1040). The amount shown may be payments you received as the beneficiary of a deceased employee, prizes, awards, taxable damages, Indian gaming profits, or other taxable income.

Item 9 (Box 7) Generally, shows nonemployee compensation and the payments reported in this box are income from self-employment. Since you received this form, rather than IRS Form W-2, the payer may have considered you self-employed and did not withhold social security or Medicare taxes. Report self-employment income on Schedule C, C-EZ, or F (IRS Form 1040), and compute the self-employment tax on Schedule SE (IRS Form 1040). However, if you are not self-employed, report this amount on the "Wages, salaries, tips, etc." line of IRS Form 1040. Call the IRS for information about how to report any social security and Medicare taxes.