

For: State and County Offices

**Payment and Refund Activity Not Reported on Calendar Year 2002 CCC-1099-G's
Because of Missing Transmissions July 16 to July 18, 2002**

Approved by: Deputy Administrator, Management



1 Overview

A Background

The IRS requires that payments made to a producer be reported to the producer by January 31 of the following calendar year. CCC-1099-G's for 2002 were mailed to producers by January 31, 2003, to meet the IRS deadline. In February 2003, it was discovered that payment and refund files transmitted between July 16 and July 18, 2002, were not included in the Producer Payment Reporting System (PPRS), which is the source for the calendar year 2002 CCC-1099-G's.

In February 2003, KCFO sent a letter notifying affected State and County Offices of this omission. In the letter, the County Office was given the option of either manually issuing CCC-1099-G-1 or waiting for the normal correction cycle to be run by KCFO in July 2003. Some County Offices issued CCC-1099-G-1; however, many County Offices did not have the resources to devote to researching the payment history file and manually issuing CCC-1099-G-1's considering the heavy volume of workload and the number of payments that were issued during that time frame.

B Purpose

This notice advises State and County Offices of the action being taken at the National level to report the omitted payments to producers before the mid-year correction cycle is run.

C Contact

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

Disposal Date	Distribution
September 1, 2003	State Offices; State Offices relay to County Offices

2 National Office Action

A Identifying Payments and Refunds Not Reported on CCC-1099-G

KC-ITSDO created a file of the missing payment or refund records and PPRS has been updated to reflect the missing records. The CCC-1099-G correction cycle in July will include these payments and refunds.

B KCFO to Send Letter to Affected Producers

KCFO is mailing a letter (Exhibit 1) to the affected producers listing the payment and refund records that were missing from CCC-1099-G issued in January. This letter will be mailed to producers the week of April 14.

C KCFO to Provide Report of Omitted Payments and Refunds to County Office

KCFO will provide affected County Offices with a report that lists the payments and refunds that are being reported to producers on behalf of the County Office. See Exhibit 2 for an example of the KCFO report.

D Mid-Year Correction Cycle

KCFO will run the mid-year correction cycle in July to prepare and mail a corrected CCC-1099-G to all producers that had payments or refunds omitted, even if the County Office prepared CCC-1099-G-1. The mid-year correction cycle will also prepare CCC-1099-G for all other corrections that are processed in the County Office between January 1 and June 30, 2003, if the County Office did not fax KCFO a copy of the County Office prepared CCC-1099-G-1. The corrected information will be furnished to IRS in July 2003.

3 County Office Action

A Preparing CCC-1099-G-1 for Omitted Payments or Refunds

County Offices may discontinue preparing manual CCC-1099-G-1's for those payments and refunds that were transmitted July 16 to July 18, 2002, and did not appear on the original CCC-1099-G, unless the producer requests that CCC-1099-G-1 be issued before the correction cycle is run in July.

B Preparing CCC-1099-G-1 for Other Corrections

County Offices shall continue to prepare CCC-1099-G-1 according to 62-FI, paragraph 79 and Exhibit 12 for corrections that are not a result of the omitted transmissions. CCC-1099-G-1 and supporting documentation must be faxed to KCFO at 816-823-1871.

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3 County Office Action (Continued)

C Responding to Producer Inquiries

The KCFO letter to producers will include a toll-free telephone number for producers to call KCFO with any questions about the omitted information. However, if the producer contacts the County Office for additional information, County Offices may research the payment history file and the KCFO report of omitted payments and refunds to respond to the producer's inquiry.

4 KCFO Report of Omitted Payments and Refunds

A Columns on KCFO Report

The KCFO report of omitted payments and refunds will list the producer's tax identification number and type, a numeric program code, the transaction amount, a transaction code, and the issue date or refund date.

B Crosswalk of Numeric Program Code to Alpha Translation

All program codes have a numeric code assigned that is used in the SCOAP accounting table. The letter to the producer will list the alpha translation of the numeric code; however, the KCFO report will list the numeric code. This table provides a crosswalk between the numeric program code and the alpha translation.

Numeric Program Code	Alpha Program Code
1000	Market Gains Farm Stored
1001	Market Gains Warehoused Stored
2300	Interest Penalty
2525	Livestock Assistance
2610	Disaster Supplemental
2619	Crop Loss
2622	Non-insured Disaster Assistance
2640	Crop Disaster
2643	Oilseed
2661	Quality Losses
2701	Advance Deficiency
3020	Environmental Quality Incentives
3101	Annual Land Rental
3205	Long Term Conservation Agreements
3210	CRP Riparian Buffer Incentive
3301	CRP Cost/Shares
3310	CRP Wetlands
3320	CRP Practice Incentives
3325	CRP Signing Incentives

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4 Report of Omitted Payments and Refunds (Continued)

B Crosswalk of Numeric Program Code to Alpha Translation (Continued)

Numeric Program Code	Alpha Program Code
3510	Pasture Recovery
3520	Agricultural Management Assistance
3535	Soil and Water Conservation
3605	Great Plains Conservation
4001	Emergency Conservation Other
4200	ECP Flood
4300	ECP Tornado
4400	ECP Drought
5201	Loan Deficiency
5202	Loan Deficiency Receivable
5203	Loan Deficiency Over Disbursement
5213	Loan Deficiency Ineligible
5225	Peanut Marketing Assistance
5233	Lamb Meat Assistance Feeder Lamb
5234	Lamb Meat Assistance Slaughter
5235	Lamb Meat Assistance Ewe
5240	Tobacco Loss Assistance
5241	Supplemental Tobacco Loss Assistance
5701	Deficiency Final Payments
6390	CRP Hay and Grazing
6701	Production Flexibility Contract
6710	Production Flexibility Contract Reductions
6715	Production Flexibility Contract Violation
6720	Market Loss Assistance
6730	Market Loss Assistance
6801	CRP Failure to Comply
7330	Easement Restoration Plans
7350	WRP Cost/Shares
8240	Karnal Bunt Fungus

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4 Report of Omitted Payments and Refunds (Continued)

C Crosswalk of Numeric Transaction Codes to Alpha Translation

Transaction types use a numeric transaction code in the SCOAP accounting table. On the KCFO report, the transaction type will be displayed as the numeric code used in the accounting table. The following table provides a crosswalk between the numeric transaction code and the alpha translation.

Numeric Transaction Code	Column on CCC-1099-G	Description
011	Refund	Promotion Fees
062	Payment	Market Gains
065	Refund	Market Gain Reduction
087	Refund	Receivable Offset for Deficiency Final Payment
199	Payment	Payment/Setoff
402	Refund	Refund/Claims
424	Refund	Refund/Claims
425	Refund	Refund/Claims
426	Refund	Refund/Claims
428	Refund	Refund/Claims
429	Refund	Refund/Claims

D Negative Entries in the Amount Column

A cancellation of a payment or refund appears as a negative amount on the KCFO report. If both the original entry and the cancellation are on the KCFO report, the amounts were netted to zero and not reported to the producer.

Producer Letter About Records Missing on CCC-1099-G Issued in January



United States Department of Agriculture

Farm and Foreign Agricultural Services

Farm Service Agency

1400 Independence Ave, SW Stop 0581 Washington, DC 20250-0581

(First Name) (Last Name) (Address Field 1) (Address Field 2) (City), (State) (Zip code)

April x, 2003

Taxpayer ID: (xxx-xx-xxxx)

Dear (First Name) (Last Name),

This requires no action by you and is for informational purposes only. The calendar year 2002 form CCC-1099-G, "Certain Government Payments," you received from the Farm Service Agency (FSA) (County Name) County Office in (State Name) during January 2003, was in error. Due to a mainframe processing error in the Kansas City Finance Office, the following payments or refunds were not included in the calendar year 2002 form CCC-1099-G.

Program	Amount	Payment/Refund	Issue Date
(Program Code)	(Amount)	(Transaction type)	(Date)
(Program Code)	(Amount)	(Transaction type)	(Date)
(Program Code)	(Amount)	(Transaction type)	(Date)
(Program Code)	(Amount)	(Transaction type)	(Date)
(Program Code)	(Amount)	(Transaction type)	(Date)
(Program Code)	(Amount)	(Transaction type)	(Date)

As part of the normal correction process, the (County Name) County Office may have already sent you a CCC-1099-G-1, "Notice of Correction for Payments Under Agricultural Programs," reflecting this missing information.

If the (County Name) County Office has not sent you a CCC-1099-G-1 reflecting this missing information, a corrected CCC-1099-G will be sent to you during the normal FSA mid year correction process allowed by the Internal Revenue Service (IRS). The corrected information will be reflected in the report of activity sent to IRS in July. If there are other discrepancies with your CCC-1099-G, discuss them with the (County Name) County Office.

You will receive a corrected CCC-1099-G in July reflecting the missing payment and refund information shown above and any other corrections made from January 1 through June 30, 2003, as part of the normal correction process. The purpose of this letter is to inform you of corrections that will be made and avoid any confusion that could be caused by sending multiple corrected CCC-1099-G's.

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Producer Letter About Records Missing on CCC-1099-G Issued in January (Continued)

(First Name) (Last Name)

We apologize for any inconvenience this may have caused you. If you have any questions regarding this letter, please call Debbie Deane or Penny Carlson at our toll-free number 1-866-729-9705. The normal business hours are Monday through Friday, from 8:00 a.m. until 4:00 p.m., Central Time.

Sincerely,

Kristine M. Chadwick
Director, Financial Management Division

Example of KCFO Report of Omitted Payments and Refunds

State	County	Tax ID	ID Type	Program	Amount	Txn Code	Date
31	107	345678992	S	1000	\$968.84	062	2002-07-16
		345678992	Total		\$968.84		
31	107	411420858	S	1000	\$78.69	199	2002-07-17
31	107	411420858	S	1000	\$1,941.00	199	2002-07-17
31	107	411420858	S	3301	\$33.00	199	2002-07-17
		411420858	Total		\$2,052.69		
31	107	412110000	E	6701	\$171.00	199	2002-07-16
31	107	412110000	E	6701	\$659.00	199	2002-07-16
31	107	412110000	E	6701	-\$659.00	199	2002-07-16
		412110000	Total		\$171.00		
31	107	577054001	E	3301	\$275.00	199	2002-07-16
		577054001	Total		\$275.00		
			Grand Total		\$3,467.53		