UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington DC 20250

Notice FI-2643

For: State and County Offices

Reviewing 2003 Milk Income Loss Contract (MILC) Refund Activity and Issuing CCC-1099-G-1

Approved by: Deputy Administrator, Management

1 Overview

A Background

In March 2004, a memorandum was released by KCFO requesting that State and County Offices review calendar year 2003 MILC payment activity. This request was made because a small number of producers received CCC-1099-G that contained incorrect MILC payment and/or refund information. The review was to ensure that the correct payment and refund information was provided to the producers. In some cases, CCC-1099-G-1's were distributed with inaccurate or incomplete information, and in other cases, CCC-1099-G-1's were not issued to producers that should have received one.

Note: All corrected CCC-1099-G-1 information must be received by IRS on or before August 1, 2004, for CCC to avoid penalties.

B Purpose

This notice provides instructions for State and County offices to:

- complete the review of MILC payment activity
- issue **CCC-1099-G-1** to producers if applicable
- issue a ***Corrected*** **CCC-1099-G-1** if requested by KCFO.

C Contact

State Offices shall direct questions about this notice to Rodney Davis, FMD by:

- e-mail to **Rodney_Davis@wdc.usda.gov**
- telephone at 703-305-1310.

Disposal Date	**Distribution**
September 1, 2004	State Offices; State Offices relay to County Offices

2 Action

A State Office Action

State Offices shall:

- distribute the information received by e-mail from DAFO to County Offices:
  - a copy of the original memo released by KCFO in March 2004
  - Excel spreadsheet with information by county of producers with refund information

    Note: The Excel spreadsheet contains information by county of producers that have refunds recorded.

  - PDF report listing recipients of CCC-1099-G-1's as reported to KCFO

    Note: States that have **not** reported issued CCC-1099-G-1's to KCFO for 2003 will **not** receive this file.

- monitor County Office progress in reviewing the MILC data and provide assistance as necessary
- contact Rodney Davis, FMD at **Rodney_Davis@wdc.usda.gov** when corrective actions have been completed. A response from each State affected by the MILC program is requested.

B County Office Action

County Offices shall:

- review the information provided by State Offices to determine whether CCC-1099-G-1 should be issued; if so, issue CCC-1099-G-1 by **July 16, 2004,** after verification that one has not previously been issued for calendar year 2003 information
- if a producer has previously been issued CCC-1099-G-1 for calendar year 2003, and it is found to be in error, **not** issue a *Corrected* CCC-1099-G-1 unless asked to do so by KCFO

  Notes: In the event KCFO requests that a *Corrected* CCC-1099-G-1 be issued, a copy of Exhibit 1 should be included.

  A *Corrected* CCC-1099-G-1 is a **second** CCC-1099-G-1 given to the same producer.

- FAX CCC-1099-G-1's and supporting documentation to KCFO, Financial Operations Division (FOD), **by July 16, 2004, to 1-816-823-1871**
- complete all corrective actions by **July 16, 2004.**

Statement Included With Corrected CCC-1099-G-1

The following statement shall be included with any ***Corrected*** CCC-1099-G-1 issued.

United States Department of Agriculture
Farm Service Agency/Commodity Credit Corporation
Form CCC-1099-G-1, Notice of Correction for Payments under Agricultural Programs

This is to inform you of corrections made to the Form CCC-1099-G-1 that you received from your local Farm Service Agency (FSA) Service Center Office regarding payments you received under the Milk Income Loss Program or Milk Income Loss Contract Transitional Program (MILC).

In an effort to expedite the implementation of the MILC program and immediately provide producers with the benefit, FSA directed its Service Centers to manually calculate MILC benefit amounts and issue the payments. When the automated MILC program software became available, the FSA Service Centers recorded the data used to manually calculate the original MILC benefit in the automated MILC software and reconciled any calculation discrepancies. The manual calculations resulted in a small number of reconciling items, and consequently, some CCC-1099-G-1 forms were distributed with inaccurate information.

FSA's records indicate that you are a recipient of one of these inaccurate CCC-1099-G-1 forms. Therefore, enclosed is a corrected CCC-1099-G-1 form for your records.

The Agency sincerely apologizes for any inconvenience this may have caused you. We want you to be satisfied with our service and be assured that software changes have been made to prevent these errors from occurring in the future.

If you need additional information, please contact your local FSA Service Center Office at its local phone number or the Kansas City Finance Office toll free at 1-866-729-9705.

Example of CCC-1099-G-1, Notice of Correction for Payments Under Agricultural Programs

The following is an example of CCC-1099-G-1.

This form is available electronically.

CCC-1099-G-1
(02-11-03)

United States Department of Agriculture
Commodity Credit Corporation

NOTICE OF CORRECTION FOR PAYMENTS UNDER AGRICULTURAL PROGRAMS

1. Name and Address of Producer	2. Producer ID No.
Producer 123 Street Address City, State, Zip code	123-45-6789
	3. Date of This Notice 07-12-04
	4. State and County Codes 01-001
	5. Calendar Year 2003

6. Type of Payment	7. Reportable Income	8. Refunds from Producer
Direct and Counter Cyclical Program	$ 2,000.00	$ 0.00
Livestock Compensation Program	$ 2,500.00	$ 0.00
Milk Income Loss Contrat	$ 23,000.00	$ 1,100.00
CRP-Annual Rental	$ 900.00	$ 0.00
Production Flexibility	$ 50.00	$ 0.00
	$	$
	$	$
	$	$
9. TOTALS	$ 28,450	$ 1,100.00

Form CCC-1099-G, Report of Payments to Producers, produced for the calendar year indicated in Item 5 has been determined to be in error or was not prepared.

This notice will be the only verification of the producer payment total for the calendar year indicated in Item 5. The producer will not receive a corrected CCC-1099-G upon receipt of this notice. The total payments for the calendar year indicated in Item 5 are listed in Item 9. The IRS will be informed of the changes that have been made in Item 7.

10. CED Signature	Date (MM-DD-YYYY)
	07-12-2004

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