

UNITED STATES DEPARTMENT OF AGRICULTURE

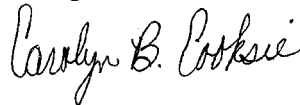
Farm Service Agency
Washington DC 20250

Notice FI-3020

For: FSA State and County Offices

Processing IRS Mandated Backup Withholding

Approved by: Associate Administrator for Operations and Management



1 Overview

A Background

Internal Revenue Code section 3403(a) (1) (C) mandates a 28 percent backup tax withholding on certain payments to taxpayers identified by IRS as subject to backup withholding. Payments subject to the withholding are reported on IRS Form 1099-INT and/or IRS Form 1099-OID.

FSA will begin withholding 28 percent of the portion of payments currently reported on the IRS Form 1099-INT and/or IRS Form 1099-OID when notified that a taxpayer is subject to the withholding. Currently, the majority of payments affected by the IRS backup withholding are the imputed interest portion of TTPP payments made to quota holders.

This process will be implemented by setting the "Other Agency" flag in Financial Services, and entering the backup tax withholding in NPS.

B Purpose

This notice provides instructions for:

- processing the IRS mandated backup withholding in NPS using the Financial Services "Other Agency" flag
- notifying County Offices that backup with withholding is required.

Disposal Date

January 1, 2012

1-5-11

Distribution

FSA Offices; State Offices relay to County Offices

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1 Overview (Continued)

C Contacts

If there are questions about this notice, State Office shall contact the appropriate office as follows.

Issue	Contact
Software-related problems	Contact the National help Desk at 800-255-2434 or 819-926-1552. Note: Select option 3 for hardware and application software.
Policies or procedures on making IRS mandated backup withholdings in NPS	Contact 1 of the following: <ul style="list-style-type: none">• Jackie Pickens by either of the following:<ul style="list-style-type: none">• e-mail at jackie.pickens@wdc.usda.gov• telephone at 703-305-1310• Nancy Chapman by either of the following:<ul style="list-style-type: none">• e-mail at nancy.chapman@kcc.usda.gov• telephone at 816-926-6971.
Policy or procedures for IRS backup withholding notifications	Contact 1 of the following: <ul style="list-style-type: none">• Rhonda Anthony for TTPP by either of the following:<ul style="list-style-type: none">• e-mail at rhonda.anthony@kcc.usda.gov• telephone at 816-926-6251• Debbie Deane for other programs by either of the following:<ul style="list-style-type: none">• e-mail at debra.deane@kcc.usda.gov• telephone at 816-926-1613• Steve Bourn by either of the following:<ul style="list-style-type: none">• e-mail at steven.bourn@kcc.usda.gov• telephone at 816-926-1442.

2 Notification from Kansas City to Begin IRS Backup Withholding

A County Office Notification

Kansas City will send notification to County Offices by mail when action must be taken for the IRS mandated backup withholding. The producer's name and TIN will be listed on the notification. Once notification has been received, the County Office must set the "Other Agency" flag for the producer in Financial Services. After the flag has been set, a copy of the notification indicating the "Other Agency" flag has been set must be FAXed to 816-823-1871. County Offices shall set the flag and FAX the notification **immediately upon receipt of notification**. See subparagraph C for an example of the notification letter.

Note: Copies of the notification letters will **not** be distributed to producers.

Kansas City will also send notification to the County Offices by encrypted e-mail identifying the TTPP contract(s), associated TIN, and the amount of the backup withholding based on the imputed interest of the TTPP payment(s). This notification will occur within 2-3 business days after the payment(s) request has been sent to NPS. Once this notification is received the TTPP payments can be processed.

Note: The encrypted e-mail will have the subject line "TTPP Backup Withholding Payment".

B County Office Notification of Backup Withholding Amount

Within 2 to 3 business days after the payment(s) request has been sent to NPS, Kansas City will also send notification to the County Offices by encrypted e-mail identifying the:

- TTPP contract(s)
- associated TIN
- the amount of the backup withholding based on the imputed interest of the TTPP payment(s).

Once this notification is received the TTPP payments can be processed according to paragraph 4.



Note: The encrypted e-mail will have the subject line "TTPP Backup Withholding Payment".

Notice FI-3020

2 Notification from Kansas City to Begin IRS Backup Withholding (Continued)

C Example of Notification Letter

The following is an example of the notification that will be mailed to the County Office.

	
United States Department of Agriculture	
Farm and Foreign Agricultural Service	TO: FSA Office
Farm Service Agency	FROM: Payment Management Office, Chief, Payment Reporting and Financing Group
Office of Budget and Finance	SUBJECT: IRS Backup Withholding Notification
Financial Management Services	The Internal Revenue Service (IRS) has identified the producer named below is subject to backup withholding under Internal Revenue Code section 3406(a)(1)(C).
Financial Services Center PO Box 419205 Kansas City, Missouri 64141-6205	Please begin backup withholding at the rate of 28% on all applicable payments made to this producer.
	Producer's name: Producer's ID number:
	These actions must be completed immediately after receiving this notice:
	<ol style="list-style-type: none">1. Set the Other Agency Offset Flag in Financial Services for this producer.2. Fax (816-823-1871) a copy of this letter indicating the flag has been set and the action taken.
	If you have any questions or need additional assistance, please contact Debbie Deane at 816-926-5988 or debra.deane@kcc.usda.gov or Rhonda Anthony for TTPP (Tobacco Transition Payment Program) related assistance at 816-926-6251 or rhonda.anthony@kcc.usda.gov .
	
USDA is an Equal Opportunity Provider and Employer.	

3 Accessing Financial Services to Set Flag

A Login to Financial Services

County Office employees:

- shall log into Financial Services to set the "Other Agency" flag for producers when notified about an IRS backup withholding
- must have a valid eAuthentication user ID and password to log into the FSA Financial Services website at <https://pws.sc.egov.usda.gov/login/login.aspx/>.

Do the following to login to the FSA Services web site from the FSA Intranet Home Page:

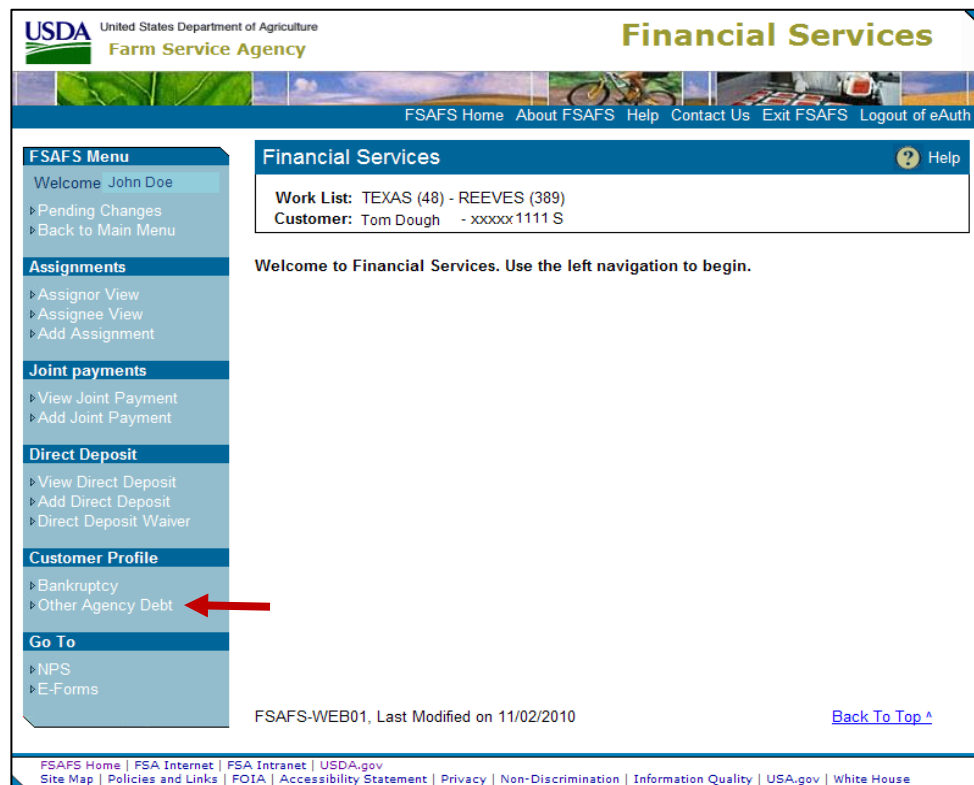
- under “Resources”, CLICK “FSA Applications”
- under “Financial Services”, CLICK “Financial Applications.

The FSA Intranet Financial Applications Home Page will be displayed. CLICK “FSA Financial Services” and the USDA eAuthentication Screen will be displayed. CLICK “I Agree” and the eAuthentication Login Screen will be displayed.

On the eAuthentication Login Screen, the user has the option to enter a valid eAuthentication user ID and password or login with LincPass credentials. CLICK “Login”.

B Setting Other Agency Debt Flag

After selecting the State/County Worklist and customer, CLICK “Other Agency Debt” located under the "Customer Profile" menu option.



3 Accessing Financial Services to Set Flag (Continued)

B Setting Other Agency Debt Flag (Continued)

Check the box under “Other Agency Debt”.

The screenshot displays the FSAFS (Financial Services Access and Reporting System) interface. At the top, the USDA logo and 'Farm Service Agency' text are visible, along with the 'Financial Services' title. A navigation bar includes links for FSAFS Home, About FSAFS, Help, Contact Us, Exit FSAFS, and Logout of eAuth. The main content area is divided into a left sidebar and a right main panel. The sidebar, titled 'FSAFS Menu', contains sections for 'Welcome John Doe', 'Pending Changes', 'Back to Main Menu', 'Assignments', 'Joint payments', 'Direct Deposit', 'Customer Profile', and 'Go To'. The 'Customer Profile' section in the sidebar is highlighted, and a red arrow points from it to the 'Other Agency Debt' section in the main panel. The main panel, titled 'Customer Profile', shows the user's work list as 'TEXAS (48) - REEVES (389)' and the customer as 'Tom Dough - xxxxx 1111 S'. Below this, the 'Other Agency Debt' section contains a checkbox labeled 'Check if customer listed above has debt with an agency other than FSA.' which is currently checked. There are 'Modify Profile' and 'Exit' buttons below the checkbox. The footer of the page includes the text 'FSAFS-WEB53' and a 'Back To Top ^' link.

Note: If the customer is a multi-county producer, the Administrative Office shall be the only office to modify this flag setting. The Administrative Office shall also notify all counties where the customer conducts business about this modification.

3 Accessing Financial Services to Set Flag (Continued)

B Setting Other Agency Debt Flag (Continued)

Select “1” of the following:

- **“Modify Profile”** to activate the "Other Agency Debt" flag when customer payment(s) will be disbursed to resolve debt to another agency

Notes: This flag should be removed once the debt owed is satisfied.

Once the request has been approved, the user will receive an informational message stating the customer’s profile has been successfully updated.

- **“Exit”** to return to the Financial Services Main Screen without saving change.

The screenshot displays the FSAFS (Financial Services Access and Reporting System) interface. At the top, the USDA logo and 'United States Department of Agriculture Farm Service Agency' are visible on the left, and 'Financial Services' is on the right. A navigation bar includes links: FSAFS Home, About FSAFS, Help, Contact Us, Exit FSAFS, and Logout of eAuth. The main content area is titled 'Customer Profile' and includes a 'Help' link. Below the title, the 'Work List' is 'TEXAS (48) - REEVES (389)' and the 'Customer' is 'Tom Dough - xxxxx1111S'. An informational message states: 'Informational: Customer profile update successful.' Below this, the 'Other Agency Debt' section has a checked checkbox labeled 'Check if customer listed above has debt with an agency other than FSA.' At the bottom of this section are two buttons: 'Modify Profile' and 'Exit'. The left sidebar contains a 'FSAFS Menu' with categories: Welcome (John Doe), Pending Changes, Back to Main Menu, Assignments (Assignor View, Assignee View, Add Assignment), Joint payments (View Joint Payment, Add Joint Payment), Direct Deposit (View Direct Deposit, Add Direct Deposit, Direct Deposit Waiver), Customer Profile (Bankruptcy, Other Agency Debt), and Go To (NPS, E-Forms). The footer includes 'FSAFS-WEB53' and a 'Back To Top ^' link. A bottom navigation bar contains various links: FSAFS Home, FSA Internet, FSA Intranet, USDA.gov, Site Map, Policies and Links, FOIA, Accessibility Statement, Privacy, Non-Discrimination, Information Quality, USA.gov, and White House.

Note: The "Other Agency Offset" flag setting applies to all State/counties where the producer conducts business. No secondary approval is needed for this flag election.

4 Entering Offset Information in NPS

A Other Agency Offset on Manual Handling Worklist

When an "Other Agency Offset" payment is passed to NPS, it will appear on the Manual Handling Worklist. See 1-FI, paragraph 138 for Manual Handling Worklist procedures.

Once the applicable payment is selected from the Manual Handling Worklist, select the "Other Agency Offset" link.

USDA United States Department of Agriculture
Farm Service Agency

National Payment Service

NPS Home About NPS Help Contact Us Exit NPS Logout of eAuth

Manual Handling WorkList

Printer Friendly Help

Your Request: State / County = KS (20) - Sheridan (179), Issue Date = From 12/07/2010 to 12/07/2010, Payment Status = Other Agency Offset, Program Alpha Code = TTPP05TOBBQUO
Click [here](#) to change search parameters.

One item found. 1 [Refresh](#)

1. **Tom Dough** Tax ID 111111111 S
Program: TTPP05TOBBQUO **Reference:** CT - 210451001254 **Amount (\$):** 50.00
Payment ID: 31723037 **Issue Date:** 12/07/2010 **PPI Start Date:** 12/17/2010
State / County: KS (20) - Sheridan (179)

[Other Agency Offset](#) [Reset Payment Processing](#)

One item found. 1 [Refresh](#)

[Back](#)

NPS-WEB009 [Back To Top ^](#)

NPS Menu
 Welcome John Doe
 Disburse Replacement

Payments
 Payments Search
 Manual Handling Worklist
 Manual Handling Search
 Certification Worklist
 Signing Worklist
 Reset Held Payments Worklist

Go To
 Financial Services
 NRRS

4 Entering Offset Information in NPS (Continued)

B Entering Payee Information

When the "Other Agency Offset" is submitted in NPS for the IRS mandated backup withholdings, the County Office will use their County Office name and address for the check to be mailed to their office for deposit.

The following is an example of the Payment Processing - Other Agency Offset Screen.

NPS Menu
 Welcome: John Doe
 Disburse Replacement

Payments
 Payments Search
 Manual Handling Worklist
 Manual Handling Search
 Certification Worklist
 Signing Worklist
 Reset Held Payments Worklist

Go To
 Financial Services
 NRRS

Payment Processing - Other Agency Offset ? Help

Tom Dough Tax ID: 111111111 S
 Program: TTPP05TOBBPRO Reference: CT - 210451001254, PY - 2006
 Payment ID: 31723037 Issue Date: 12/07/2010 PPI Start Date: 12/17/2010
 State / County: KS (20) - Sheridan (179)
 Last Updated by: MOKANSASC2DT38 on 12/07/2010
 Original Payment Amount (\$): 50.00
 Remaining Payment Amount (\$): 50.00

Add Other Agency Offset To Payment:

All required fields are denoted by an asterisk (*).

* Amount To Offset (\$): 14.00
 * Other Agency Payee Name: Dyer County FSA
 * Address 1: 340 Bldg /ref: IRS BWH
 Address 2: 70th Terr
 * City: Alder
 * State: MONTANA(30)
 * Zip: 59710
 Add Clear
☐ Do not Apply Payment to Other Agency Offset
 Save Exit

4 Entering Offset Information in NPS (Continued)

B Entering Payee Information (Continued)

The County Office will need to enter the required information on this screen.

- **Amount To Offset (\$)** - (28 percent of the imputed interest portion of the TTPP payment. This amount will be sent by an encrypted e-mail from Kansas City to the County Office).
- **Other Agency Payee Name** - name of the FSA County Office submitting payment.
- **Address 1** - address of the county.

Note: To distinguish this is an IRS backup withholding, after the county address, this line should contain **“ref:IRS BWH”**.

- **Address 2** - additional address line (if applicable).
- **City** - city of county.
- **State** - State of county.
- **Zip** - ZIP Code of county.

Click “1” of the following:

- **“Add”** to have the other agency offset information entered applied against the payment request
- **“Clear”** to remove the other agency offset information from fields.

4 Entering Offset Information in NPS (Continued)

B Entering Payee Information (Continued)

The following is an example of the Payment Processing - Other Agency Offset Screen that will be displayed with the offset being applied against the payment request.

USDA United States Department of Agriculture
Farm Service Agency

National Payment Service

NPS Home About NPS Help Contact Us Exit NPS Logout of eAuth

NPS Menu
Welcome John Doe
Disburse Replacement
Payments
Payments Search
Manual Handling Worklist
Manual Handling Search
Certification Worklist
Signing Worklist
Reset Held Payments Worklist
Go To
Financial Services
NRRS

Payment Processing - Other Agency Offset ? Help

Tom Dough Tax ID: 111111111 S
Program: ITTPPOSTOBOLC Reference: CT - 210451001254
Payment ID: 31723037 Issue Date: 12/07/2010 PPI Start Date: 12/17/2010
State / County: KS (20) - Sheridan (179)
Last Updated by: NPS: jobScheduler on 10/28/2010
Original Payment Amount (\$): 50.00
Remaining Payment Amount (\$): 50.00

1. Agency Name: Dyer County FSA 70th Terr /ref: IRS BWH 340 Bldg Alder, MT 59710	Offset: \$ 14.00	Modify	Delete
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Add Other Agency Offset To Payment:

All required fields are denoted by an asterisk (*).

* Amount To Offset (\$):

* Other Agency Payee Name:

* Address 1:

Address 2:

* City:

* State:

* Zip:

☐ Do not Apply Payment to Other Agency Offset

Click “1” of the following:

- **“Modify”** to edit any of the other agency offset information that was entered
- **“Delete”** to remove the other agency offset information
- **“Save”** to apply the other agency offset against the payment
- **“Exit”** to **not** apply the other agency offset against the payment.

Once the treasury check is received in the County Office, the County Office will then record the receipt in NRRS. See paragraph 5.

5 Recording Backup Tax Withholdings in NRRS

A Login to NRRS

CLICK “FSA Applications” on the FSA Intranet Home Page to access NRRS. Under “Financial Services”, CLICK, “Financial Applications”. The FSA Intranet Financial Applications Home Page will be displayed. CLICK “National Receipts and Receivables System”. See 64-FI, paragraph 17 for instructions to login to NRRS.

B Recording the Backup Withholding Receipt

Record a new receipt in NRRS according to 64-FI, paragraph 33.

Enter the following on the Create New Receipt Screen:

- **Remittance Amount** - amount of check
- **Remitter Name** - producer’s name in which amount is being withheld
- **Remittance Type** - select “Check”
- **Check/Item Number** - the treasury check number
- **Collection Type** - select “Direct Sales”
- **Effective Date** - current date.

USDA United States Department of Agriculture
Farm Service Agency

Home | About USDA | About NRRS | Help | Contact Us | Exit NRRS | Logout of eAuth

Current Office: REEVES-
LOVING COUNTY FARM
SERVICE AGENCY

Create New Receipt

Remittance Amount: \$ 14.00 ?

Remitter Name: Tom Dough ?

Remittance Type: Check ?

Check/Item Number: 12121212 ?

Collection Type: Direct Sales ?

Effective Date: (mm/dd/yyyy) 12/18/2010 ?

Submit Reset Cancel

NRRS-Web-5.1.2

Home | USDA Internet | USDA Intranet | FSA Internet | FSA Intranet |
Site Map | FOIA | Accessibility Statement | Privacy | Non-Discrimination | Information Quality | Policies and Links | FirstGov | White House

CLICK "Submit".

The Enter Direct Sales Program Information Screen will be displayed.

5 Recording Backup Tax Withholdings in NRRS (Continued)

B Recording the Backup Withholding Receipt (Continued)

To record the Direct Sales Program information:

- select the program code, “**FEDTAXREQ**”, from the dropdown box
- select the applicable State/County from the dropdown box
- click “Submit”.

Prepare and verify the deposit according to 64-FI, paragraph 51.

 United States Department of Agriculture Farm Service Agency		National Receipts & Receivables System	
Home About USDA About NRRS Help Contact Us Exit NRRS Logout of eAuth			
<h3 style="text-align: center; background-color: #000080; color: white; padding: 5px;">Enter Direct Sales Program Information</h3>			
Program Code: <input type="text" value="FEDTAXREQ"/>  			
Select State / County: <input type="text" value="48 TX - 389 Reeves"/>  			
<div style="display: flex; justify-content: center; gap: 10px;"> <input type="button" value="Submit"/> <input type="button" value="Back"/> <input type="button" value="Reset"/> <input type="button" value="Cancel"/> </div>			
<small>NRRS-Web-5.1.2</small>			
<small> Home USDA Internet USDA Intranet FSA Internet FSA Intranet Site Map FOIA Accessibility Statement Privacy Non-Discrimination Information Quality Policies and Links FirstGov White House </small>			

Notice FI-3020

6 Completing CCC-44, Backup Withholdings of Commodity Credit Corporation Payments

A Sending CCC-44 to Kansas City

Counties must account for all IRS mandated backup withholdings. These withholdings must be reported to Kansas City on CCC-44 as soon as the backup withholdings are deposited. Prepare and FAX CCC-44 to Kansas City according to subparagraph B.

B Preparing CCC-44's

Prepare CCC-44 according to this table.

Item	Instructions
1	Enter the State name.
2	Enter County Office name.
3	Enter the County Office telephone number.
4A	Enter the payee's name.
4B	Enter the payee's address.
4C	Enter the payee's TIN.
4D	Check the box for the applicable TIN type.
5A	Enter the program/reference number. Example: "TTPP Contract 12345".
5B	Enter the program year.
5C	Enter the original payment amount.
5D	Enter the dollar amount withheld.
5E	Enter the total dollar amount withheld (total of amounts in column D).
6A	Enter the schedule number (schedule number of deposit for withholdings).
6B	Enter the schedule date (date of deposit).
6C	Enter signature of preparer (County Office preparer).
6D	Enter date signed by preparer.
6E	Enter signature of second party verifier (County Office employee who verified form information).
6F	Enter date signed by verifier.

Counties shall FAX CCC-44 to Kansas City at 816-823-1871 with a cover sheet:
ATTENTION: Backup Withholding.

Counties shall maintain CCC-44 in County Office "FM" files. These records shall be retained for a period of 6 years, 3 months.

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6 Completing CCC-44, Backup Withholdings of Commodity Credit Corporation Payments (Continued)

C Example of CCC-44

This is an example of CCC-44. County Office shall complete for every producer that has IRS mandated backup withholdings withheld from program payments.

This form is available electronically.

CCC-44
(01-05-11)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

BACKUP WITHHOLDINGS OF COMMODITY CREDIT CORPORATION PAYMENTS

PART A – GENERAL INFORMATION

1. STATE NAME	2. Name of County Office	3. County Office Telephone Number (Including Area Code)
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PART B – PAYEE INFORMATION

4A. Payee's Name	4B. Payee's Address (Including Zip Code)
4C. Payee's TIN	4D. TIN Type (Check one below): SSN <input type="checkbox"/> EIN <input type="checkbox"/> IRS <input type="checkbox"/>

PART C – WITHHOLDING PAYMENT INFORMATION

5A. Program/Reference Number	5B. Program Year	5C. Original Payment Amount \$	5D. Dollar Amount Withheld \$
5E. Total Dollar Amount Withheld:			

PART D – CERTIFICATION OF WITHHOLDINGS

6A. Schedule Number	6B. Schedule Date (MM-DD-YYYY)
6C. County Office Employee Preparer's Signature	6D. Date (MM-DD-YYYY)
6E. Second Party Verification Signature	6F. Date (MM-DD-YYYY)

COUNTY OFFICE USE ONLY

County Office Instructions:

- Fax completed form to Kansas City at (816) 823-1871 with cover sheet: **ATTENTION: Backup Withholding.**
- Maintain form in FM records.

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To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

7 Discontinuing Backup Withholding

A Notification of Discontinuing Backup Withholding

Notification to discontinue withholdings will be sent to the county by encrypted e-mail when Kansas City receives notification from IRS that the producer is no longer subject to backup withholdings. The e-mail will be followed up with a mailed copy to the County Office.

If a producer receives notification from the IRS they are no longer subject to backup withholding a copy of their notification will need to be FAXed to Kansas City at 816-823-1871 for verification. Once Kansas City has verified the notification concurring with IRS regulations they will send the County Office notification to discontinue backup withholdings.



The County Office shall log into Financial Services and uncheck the "Other Agency Debt" box and select "Modify Profile". This will remove the "Other Agency" flag from the producer's profile.

After the flag has been removed, a copy of this notification indicating the "Other Agency" flag has been removed shall be FAXed to 816-823-1871. County Office shall complete these actions **immediately upon receipt of notification.**

7 **Discontinuing Backup Withholding (Continued)**

B Example of Discontinuing Backup Withholding Notification Letter

The following is an example of the notification that will be sent to the County Office.

	
United States Department of Agriculture	
Farm and Foreign Agricultural Service	TO: FSA Office
Farm Service Agency	FROM: Payment Management Office, Chief, Payment Reporting and Financing Group
Office of Budget and Finance	SUBJECT: IRS Backup Withholding Notification
Financial Management Services	The producer named below is no longer subject to backup withholding under section 3406(a) (1) (C) of the Internal Revenue Code.
Financial Services Center PO Box 419205 Kansas City, Missouri 64141-6205	This is your notice to discontinue backup withholding on the payments that you make to this producer.
	Producer's name: Producer's ID number:
	You are requested to take the following actions within 2 business days of receipt of this notice:
	1. Remove the Other Agency Offset Flag in Financial Services for this producer. 2. Fax (816-823-1871) a copy of this letter indicating the flag has been removed.
	If you have any questions or need additional assistance, please contact Debbie Deane at 816-926-5988 or debra.deane@kcc.usda.gov .
	
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