

For: State and County Offices

Changes for Revocable Trusts Using Employer ID Number (EIN)

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The provisions of the Food, Conservation, and Energy Act of 2008 stipulated that a revocable trust shall be considered to be the same person as the grantor. Procedure in 4-PL, paragraphs 167 and 179, provide that a revocable trust is the same as the grantor and through common attribution, all payments received by a revocable trust will be attributed to the grantor.

To administer this provision, the combined process in the web subsidiary application was developed to allow a revocable trust and the grantor to be combined. The capability to combine producers was available only for a limited period of time. However, combining a grantor and a revocable trust will result in payments not being attributed correctly. These payment attribution errors occur only when a revocable trust is using EIN. Payments are attributed correctly if the revocable trust is using the grantor’s Social Security number.

B Purpose

This notice provides information and instructions on:

- revised software procedure for a revocable trust using EIN
- the correct application of revised software procedure for a revocable trust using EIN
- using reports to identify web-based combinations inadvertently loaded
- updating 2009 and 2010 web-based subsidiary files to ensure that DCP and CRP payments are issued and attributed correctly.

Disposal Date	Distribution
June 1, 2010	State Offices; State Offices relay to County Offices

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2 Revocable Trusts Using EIN

A Changes to Procedure and Software

By combining a grantor and revocable trust, attribution of payments will be doubled and could result in producers being underpaid. Attribution provisions will be applied by entering the grantor(s) as the member(s) of the revocable trust using EIN.

B Web-Based Combined Producer Process

Some 2009 common attribution type combinations were updated while the web-based Combined Producer process was inadvertently available. When the web-based Combined Producer process becomes available:

- combination reason “Grantor and Revocable Trust” will not be available for common attribution type combinations
- common attribution type combinations updated with the reason “Grantor and Revocable Trust” will not be displayed.

Note: County Offices will be notified by an Information Bulletin and Web Transmittal when web-based Combined Producer software is available.

C S/36 Entity File

In the S/36 entity file for the revocable trust using EIN County Offices shall:

- delete all beneficiaries that have been loaded as members
- load the grantor(s) as member(s) and update the record. If there is more than 1 grantor, the actual shares for the grantors shall be divided equally.

This procedure is applicable only for the specific purpose of ensuring that payments are correctly attributed and limited. Continue the collection of information for revocable trusts on CCC-902 to make actively engaged determinations, etc.

Reminder: Beneficiaries will not be loaded in the S/36 as members of revocable trusts that are using EIN's.

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3 Action

A State Office Action

State Offices shall:

- follow the contents of this notice
- provide guidance to County Offices concerning the correct application of procedure in this notice

B Contacts

State Offices shall contact:

- Deb Krusemark, PECD, with questions concerning web-based combined producer process and S/36 entity file contained in 2-PL and 3-PL (Rev. 1) by either of the following:
 - e-mail to **debra.krusemark@wdc.usda.gov**
 - telephone at 202-720-6157
- James Baxa, PECD, with questions concerning 4-PL policies and procedures, by either of the following:
 - e-mail to **james.baxa@wdc.usda.gov**
 - telephone at 202-720-4189.

County Offices shall contact the State Office.

B County Office Action

County Offices shall:

- immediately update 2009 and 2010 entity files according to subparagraph 2 C to ensure that current DCP and CRP payments are issued properly
- not update 2008 entity file data because “Person” rules continue to apply.

Once the entity file is updated, County Offices shall issue payments to trusts that were not issued pending release of the combined software.