

For: State and County Offices

**AGI Reconciliation Reports for 2009 and 2010**

Approved by: Acting Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

AGI reconciliation reports for 2009 and 2010 were recently made available for each State on the DAFP web site at [http://fsaintranet.sc.egov.usda.gov/dafp/agi\\_reports.htm](http://fsaintranet.sc.egov.usda.gov/dafp/agi_reports.htm). The latest reconciliation reports indicate that a number of individuals and legal entities have **not** filed CCC-927 or CCC-928 with IRS for 2009 or 2010. Participants in programs subject to average AGI limitations must timely complete CCC-927 or CCC-928 and submit to IRS to maintain eligibility for 2009 and 2010 program benefits.

The reconciliation reports may also include individuals and legal entities that previously filed a consent form with IRS for 2009 and/or 2010, but the consent form was rejected by IRS. IRS included a letter with rejections that explained the reasons why the consent form could not be accepted as filed.

**B Purpose**

This notice provides information and guidance to State and County Offices on the following:

- timely reviewing and using the 2009 and 2010 AGI reconciliation reports made available on the DAFP web site, dated July 2011
- what each entry on the AGI reconciliation report means and represents
- forthcoming actions by FSA for those producers that fail to timely respond.

**Disposal Date**

November 1, 2011

7-18-11

**Distribution**

State Offices; State Offices relay to County Offices

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### 2 Reviewing and Using the AGI Reconciliation Reports

#### A Report Entries

Each entry on a 2009 and/or 2010 average AGI reconciliation report **represents** that for the individual or legal entity:

- an affirmative AGI compliance value resides in the subsidiary file, as the result of a valid CCC-926 or acceptable AGI certification on file
- no data was returned from IRS in the average AGI verification process.

#### B Verification of Report Entries

For each entry on the average AGI reconciliation report, County Offices must verify the following for the individual or legal entity:

- affirmative AGI value set in the subsidiary file is correct
- valid CCC-926 or acceptable AGI certification is on file to support that value
- 2009 and/or 2010 FSA or NRCS program payments subject to the average AGI limitations were received directly or indirectly by the individual or legal entity.

#### C Corrective Actions

If the County Office determines an individual or legal entity listed was **not** subject to the average AGI limitations for FSA or NRCS programs for 2009 and/or 2010:

- see 3-PL (Rev. 1), paragraph 31, and re-set the subsidiary AGI values to “Not Filed” for all commodity, direct payment, and conservation programs
- remove the “Effective Program Year” and “Date Documentation Filed by Producer”
- document on the report that AGI values were re-set according to this notice
- require the average AGI certification on file for the applicable year to be withdrawn by individual or legal entity, as applicable.

#### D Deadline for Review and Verification

**All review and verification actions for the 2009 and 2010 AGI compliance reports must be completed by COB August 15, 2011.**

### **3 Consent Form Rejection by IRS**

#### **A Common Reasons for Rejection**

The most common and easily explainable reasons for consent form rejection include the following:

- incomplete forms, such as missing TIN, no selection of year, or missing signature and date
- lack of signature authority under IRS rules
- improper signature for a minor child
- consent form was not filed in the same manner as taxes were filed with IRS.

Continue to consult with the previously issued information, instructions and procedures in fact sheets, handouts, form supplementals, PL notices, questions and answers, and 4-PL for answers on how the common reasons for consent form rejections are to be addressed.

#### **B Other Reasons for Rejection**

Many IRS rejections do not necessarily mean there is a problem or error condition to resolve. For example, the entity type and valid TIN combination will always be rejected by IRS if either:

- the entity did not exist during the applicable 3-year period of time used in the average AGI calculations
- income taxes were not filed under the entity type and TIN combination, rather the income taxes were filed under the individual members and their SSN.

For either of these conditions, the reason given for the rejection is, “Not found on IRS master file or data base.”

There are no further actions to be taken on behalf of the legal entity for 2009 or 2010 average AGI verification purposes. However, all of the individual interest holders of the legal entity must successfully submit consent forms to IRS for the legal entity to avoid a reduction in 2009 and/or 2010 program payments.

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### 4 Forthcoming Notifications

#### A First Notification

All individuals and legal entities listed on the September 2011 AGI reconciliation report will be notified in writing by the National Office of the following:

- notice was previously given of the requirement to file CCC-927 or CCC-928 with IRS to maintain 2009 and/or 2010 payment eligibility
- no record of a response from the individual or legal entity to date
- the individual or legal entity has 30 calendar days from the date of the letter to file a valid CCC-927 or CCC-928 for 2009 and/or 2010 average AGI verification purposes
- failure to respond will result in a determination by FSA of ineligibility and full refund will be required of all 2009 and/or 2010 payments received, both directly and indirectly, under programs subject to the average AGI limitations.

#### B Second Notification

All individuals and legal entities that fail to timely respond to the first notification letter will be notified in writing:

- by the National Office of the following:
  - determined noncompliant with the average AGI limitations
  - ineligible for 2009 and/or 2010 program payments
  - right of administrative appeal if the individual or legal entity wants to contest the eligibility determination
  - where to file the written request for administrative appeal within 30 calendar days.
- by the County Office that because of the National Office determination of ineligibility:
  - the individual or legal entity is required to refund all 2009 and/or 2010 program payments received under programs subject to the AGI limitations
  - amount of the refund plus interest
  - right of appeal applicable only to the refund amount requested
  - written request for an appeal must be made to COC within 30 calendar days.

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### 5 Required Actions

#### A County Offices

County Offices shall:

- **review** the list of producers indicated on the updated July 2011 reconciliation reports who have **not** filed CCC-927 or CCC-928
- **emphasize** to all FSA and NRCS program participants through public media the requirement to timely submit a completed CCC-927 or CCC-928 to IRS to maintain 2009 and 2010 payment eligibility
- **document** all actions completed on the reconciliation reports.

**Complete all review and verification actions for the 2009 and 2010 AGI reconciliation reports no later than COB August 15, 2011.**

#### B State Offices

State Offices shall ensure that County Offices follow the contents of this notice.