

For: Tobacco State and County Offices

**Instructions for Prompt Payment Interest Determination for FY 2006
Tobacco Transition Payment Program (TTPP)**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

FY 2006 TTPP contracts that were **not** paid by September 30, 2006, may be eligible for prompt payment interest. TTPP has been modified to allow prompt payment interest determinations by payment year.

B Purpose

This notice provides:

- instructions on:
 - determining contracts that are eligible for prompt payment interest
 - how to apply prompt payment interest
- procedures and software instructions for handling prompt payment interest determinations for FY 2006 TTPP payments.

2 Action

A County Office Action

County Offices shall:

- become familiar with Prompt Payment Interest Determination software addressed in this notice to determine if prompt payment interest is due on unpaid approved contracts as of October 1, 2006
- use the Prompt Payment Interest software to mark eligible contracts as due prompt payment interest.

Disposal Date	Distribution
March 1, 2007	Tobacco State Offices; State Offices relay to applicable and County Offices

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2 Action (Continued)

B State Office Action

State Office shall ensure that County Offices follow the provisions in this notice.

3 Prompt Payment Interest Determinations

A Contracts Eligible for Prompt Payment Interest

Contracts held for payment after September 30, 2006, because of TTPP software limitations, will be eligible for prompt payment interest calculated from September 30, 2006. Software outlined in this notice will automatically calculate the correct amount of interest due.

B Contracts Not Eligible for Prompt Payment Interest

Contracts that were **not** paid before October 1, 2006, because of a dispute of base quota level shares or ownership are **not** eligible for prompt payment interest.

4 Software Functionality

A Software Modifications for TTPP Prompt Payment Interest Determination

TTPP has been modified to display **all** applicable payment years that prompt payment interest determinations are required. Prompt payment interest flags can be set by either:

- accessing individual contracts through Quota Holder/Producer Data Screens (see subparagraph B)
- the Prompt Payment Interest link (see subparagraph C).

Note: **Only** contracts with the number of annual installments set will display the prompt payment indicators.

Before October 1, 2006, the system will only display the 2005 payment year. The user will make the determination whether prompt payment applies and click the appropriate radio button. The system will automatically default to “Flag Not Set”, indicating action is required before the payment will be passed to the National Payment System (NPS) for processing.

After September 30, 2006, the software will recognize that prompt payment interest may apply to any unpaid contract for the 2006 payment year. When this occurs, TTPP will display the 2006 payment year in the View Contract Results Screen, “Apply prompt payment interest” section. The “Apply prompt payment interest” section will **only** be displayed if the number of annual installments is set on the contract. If the “Apply prompt payment interest” section is displayed, users will make the determination whether prompt payment applies and click the appropriate radial button.

Note: TTPP will also display all contracts requiring interest determinations when the Prompt Payment Interest link is selected.

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4 Software Functionality (Continued)

B View Contract Results Screen

This is an example of the new View Contract Results Screen. The “Apply prompt payment interest” section, added to the bottom of the screen, allows users to update applicable prompt payment flags.

On this example screen, for 2005 and 2006, the user set the interest indicator to “No”.
For 2005:

- this reflects historical data **only**
- the fields are protected because the system has already processed payments and will **not** allow a change.

For 2006, to make the 2006 payment, the user must decide if prompt payment interest is applicable and click the appropriate radio button. Once the user clicks “Submit”, the 2006 payment will be processed during the next TTPP payment cycle.

The system automatically defaults to “Flag Not Set”, indicating action is required before the payment will be passed to NPS for processing

Note: On the View Contract Results Screen, 10-year contracts will display both the 2005 and 2006 payment year indicators. Only the years requiring action will allow the user to update the prompt payment indicator. Nine-year contracts will **only** display the 2006 prompt payment indicator.

FSA Crop Code	Flue-Cured
Contract Price Per Pound	\$7.00
Total Contract BQL	5000
Total Contract Value	\$35,000.00

Contract Origination	
Tax ID	XXXXXXXXXX
Tax ID Type Code	Employer ID
Full Name	LARRY Q. JOHNSON
Address	PO BOX 8888 MECCA, CA 92254
Phone Number	XXXXXXXXXX

Tract Number	Tract Quota Pounds	Owner Quota Pounds
0001062	125000	5000
Total		5000

Apply prompt payment interest			
Year	Yes	No	Flag Not Set
2005	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
2006	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Previous Submit

4 Software Functionality (Continued)

C Prompt Payment Interest Contract Selection Screen

This is an example of the new Prompt Pay Interest Contract Selection Screen. This screen can be accessed by selecting the Prompt Pay Interest link from the Links menu. TTPP will list all contracts for a given county that the system identifies as needing prompt payment determination.

Unlike the View Contract Results Screen (subparagraph B), this screen will **only** display the contract payment years requiring action. Historic data will **not** be displayed.

In this example, both the 2005 and the 2006 payment years are displayed with “Flag Not Set”, indicating action is required for both payment years. Once the prompt payment determinations are made, the user will CLICK “Submit” at the bottom of the screen and the appropriate payments will be processed during the next TTPP payment cycle.

