

For: Tobacco State and County Offices

Preparing for FY 2012 TTPP Annual Payments

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The FY 2012 TTPP annual payment cycle is scheduled for processing on **January 13, 2012**. County Offices are required to review all FY 2012 CCC-955/CCC-956 payments to ensure that CCC-955/CCC-956 assignments are entered according to established TTPP procedures **before** payment processing.

To assist users during this review, the Contract Status Report, Payment Status Report (also displayed as Payment Reconciliation Report), and TTPP Assignment Report is available. The Contract Status Report will provide users with a complete list of all CCC-955/CCC-956's in "Approved (AP)" or "In-Dispute (DI)" status. The TTPP Assignment Report that is available in the Financial Web Application Data Mart (FWADM) provides a complete list of all TTPP assignments for all years. The Payment Status Report provides detailed information for CCC-955/CCC-956 payments, including failure reasons.

B Purpose

This notice provides:

- guidance about payment validation for the FY 2012 TTPP annual payment cycle
- instructions for using the Contract Status Reports (Pre-Payment Reports)
- instructions for the Payment Status Report (Payment Reconciliation Report)
- guidance about using the TTPP Assignment Report
- guidance about payments subject to the IRS mandated backup tax withholding.

Disposal Date	Distribution
July 1, 2012	Tobacco State Offices; State Offices relay to applicable County Offices

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2 Action

A County Office Action

County Offices shall:

- run the TTPP Selection Register Report on **January 9, 2012**, using date range “01/14/2011” to “12/31/2011”, to ensure that all new approved CCC-955/CCC-956’s that will receive the first payment under TTPP have been reviewed before FY 2012 annual payments
- run the TTPP Selection Register Report on **January 13, 2012**, using date range “01/01/2012” to “01/13/2012”, for all “Approved (AP)” and “In-Dispute (DI)” CCC-955/CCC-956’s, to ensure that all new approved CCC-955/CCC-956’s that will receive the first payment under TTPP have been reviewed **before** FY 2012 annual payments

Note: The last run date and the criteria entered are printed on the TTPP Selection Register Report. CED, or designee, shall sign and date the TTPP Selection Register Report to certify all FY 2012 payments have been reviewed.

- run the TTPP Contract Status Report (TTPP Pre-Payment Report) using date range “10/01/20XX” to “09/30/20XX” (latest available FY) during the week of **January 9, 2012** for contract statuses of “Approved (AP)” or “In-Dispute (DI)” for both quota holder and producer contracts to ensure that all CCC-955/CCC-956’s have been reviewed **before** FY 2012 annual payments.

Note: CED, or designee, shall sign and date the TTPP Contract Status Reports to certify all CCC-955/CCC-956’s have been reviewed. Notify the State Office TTPP program specialist, **immediately**, if CCC-955/CCC-956 was not placed “In-Dispute (DI)” by the County Office or the reason why CCC-955/CCC-956 is currently in-dispute is unknown, and do **not** update CCC-955/CCC-956 status to “Approved (AP)” without State Office concurrence.

Before the later of January 17, 2012, and the date the County Office disburses payments, the County Office shall do the following:

- follow internal controls and procedures to reasonably ensure that payments and disbursements are valid and sufficiently supported to prevent improper payments
- become familiar with TTPP automated subsidiary eligibility checks for producer CCC-955/CCC-956 payments
- become familiar with the Contract Status Report, Payment Status (Reconciliation) Report, and TTPP Assignment Report

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2 Action (Continued)

A County Office Action (Continued)

- ensure that all assignments are established at the CCC-955/CCC-956's level
- ensure that all assignees are loaded correctly in SCIMS
- ensure that remaining CCC-955/CCC-956's with invalid BQL's or incorrect TIN's are placed into "In-Dispute (DI)" status
- ensure that all CCC-955/CCC-956's where CCC-971 was **not** processed are placed into "In-Dispute (DI)" status to exclude CCC-955/CCC-956's where CCC-971 for a family member transfer was **not** filed by November 1, 2011, and are **not** effective until the FY 2013 payment.

County Offices will receive authorization to begin disbursing FY 2012 TTPP annual payments through an Informational Bulletin to be issued the week of **January 17, 2012**.

County offices shall run the Payment Status (Reconciliation) Report as follows:

- on **January 17, 2012**, with a date range of "01/13/2012" to "01/16/2012" to identify CCC-955/CCC-956 payments "**passed**" to NPS for certification/signing
- on **January 17, 2012**, with date range "01/13/2012" to "01/16/2012", to identify CCC-955/CCC-956 payments that "**failed**" to pass to NPS and take appropriate corrective action
- on a daily basis starting **January 18, 2012**, after taking appropriate corrective action, with a date range of the previous payment until all failed payments successfully pass to NPS.

Examples:The date range for the daily Payment Status (Reconciliation) Report for failed payments on:

- January 18, 2012, would be "**01/17/2012**" to "**01/17/2012**"
- January 19, 2012, would be "**01/18/2012**" to "**01/18/2012**", etc.

The Unpaid Contracts Report is available through TTPP Reports. See subparagraph 4 B. The Unpaid Contracts Report will be available for the FY 2012 payment year after the payment sweeps are restarted for FY 2012 and previous payment years. After the Unpaid Contract Report is available, the County Office shall use the report to validate CCC-971 owners and amounts **before** payment. This report will list all CCC-971's in either "Approved (AP)" or "In-Dispute (DI)" status.

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2 Action (Continued)

B Payment Preparation Calendar

The following Payment Preparation Calendar is intended to make it easier for County Offices to know when to run specific reports for TTPP payments.

County Offices shall run the specified report as follows...			AND do the following...
Date	Report	Date Range	
January 9, 2012	TTPP Selection Register	01/14/2011 to 12/31/2011	review approved CCC-955/CCC-956's created between "01/14/2011" to "12/31/2011" before issuing the FY 2012 payments. Note: CED, or designee, shall sign and date the register, certifying the review.
the week of January 9, 2012, but no later than January 13, 2012	TTPP Assignment Report (available in FWADM)	N/A	verify all TTPP assignments for all years are listed. See subparagraph 4 A.
	TTPP Contract Status Report (TTPP Pre-Payment Report)	N/A	review approved CCC-955/CCC-956's before issuing the FY 2012 payments.
January 13, 2012	TTPP Selection Register	01/01/2012 to 01/13/2012	review all CCC-955/CCC-956's created between "01/01/2012" to "01/13/2012" before issuing the FY 2012 payments. Example: CCC-955/CCC-956's held by a deceased producer or a dissolved entity. Note: CED or designee shall sign and date the register, certifying the review.
January 17, 2012	Payment Status (Reconciliation) Report	01/13/2012 to 01/16/2012	review the report for failed payments and take corrective action for TTPP payments that failed to pass to NPS.
Daily starting January 18, 2012	Payment Status (Reconciliation) Report	Preceding calendar date; for example, the date range for January 20, 2012, would be 01/19/2012 to 01/19/2012.	continue to run this report for failed payments on a daily basis and take the appropriate corrective action until all TTPP payments for approved CCC-955/CCC-956's pass to NPS. Run this report for "all" types of tobacco.

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2 Action (Continued)

C State Office Action

State Offices shall:

- ensure that County Offices follow the provisions of this notice
- contact the appropriate office listed in the following table, if there are questions about this notice.

Issue	Contact
Policies or procedures for TTPP payments.	Kelly Hereth by either of the following: <ul style="list-style-type: none">• e-mail to kelly.hereth@wdc.usda.gov• telephone at 202-720-0448.
Policies or procedures on making IRS mandated backup tax withholding in NPS.	Either of the following: <ul style="list-style-type: none">• Jackie Pickens by either of the following:<ul style="list-style-type: none">• e-mail to 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 to nancy.chapman@kcc.usda.gov• telephone at 816-926-6971.
Policy or procedures for TTPP IRS backup tax withholding notifications.	Rhonda Anthony by either of the following: <ul style="list-style-type: none">• e-mail to rhonda.anthony@kcc.usda.gov• telephone at 816-926-6251.
Software-related problems.	National Help Desk by telephone at either of the following: <ul style="list-style-type: none">• 800-255-2434• 816-926-1552. <p>Note: Select option “3” for hardware and application software.</p>

3 Prepayment Procedures for 2012 Annual Payment Processing

A When to Place CCC-955/CCC-956’s Into “In-Dispute (DI)” Status

The following CCC-955/CCC-956’s **should** be updated to “In-Dispute (DI)” status **before** FY 2012 payment processing:

- erroneous CCC-955/CCC-956 payments identified through CCC-770 TTPP process
- CCC-955/CCC-956’s that have been paid erroneously in 2005, 2006, 2007, 2008, 2009, 2010, or 2011 that have **not** been corrected because of software limitations

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3 Prepayment Procedures for 2012 Annual Payment Processing (Continued)

A When to Place CCC-955/CCC-956's Into "In-Dispute (DI)" Status (Continued)

- CCC-955/CCC-956's filed by November 1, 2011, that have **not** been processed, including CCC-955/CCC-956's filed after November 1, 2011, because of death of the existing CCC-955/CCC-956 holder or dissolved entity

Note: If the original CCC-955/CCC-956 holder is deceased and a representative of the estate or the surviving spouse has **not** signed CCC-955/CCC-956, place CCC-955/CCC-956 in "In-Dispute (DI)" status.

- CCC-955/CCC-956's that are currently under administrative appeal
- CCC-955/CCC-956's for any producer identified as deceased on the reports posted on the DAFP web site at <http://intranet.fsa.usda.gov/DAFP/DMF/PPID.htm>.

B TTPP Automated Subsidiary Eligibility Checks

During FY 2012 payment processing, TTPP will perform checks using the following criteria for producer CCC-956's.

IF the original CCC-956's was...	THEN TTPP will...
paid in full in a prior year (2005, 2006, 2007, 2008, 2009, 2010, or 2011)	not check any subsidiary flags except for the "Controlled Substance Violation" flag on the existing CCC-956 holder or the new CCC-956 holder as a result of CCC-971 transfer. Note: CCC-971 resulting producer CCC-956's are only checked for "controlled substance violations" before payment.
not paid in full in a prior year (2005, 2006, 2007, 2008, 2009, 2010, or 2011)	perform a full subsidiary eligibility check on the original CCC-956 holder. Note: Partial payments can occur, for example, when 1 of the members of a general partnership has an "Ineligible Subsidiary" flag. The system would have deducted the ineligible member's share of the payment.

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4 System Functionality for Reports

A Report Overview

Each report's cover page includes a legend decoding the different abbreviations used in the requested report.

The Payment Status (Reconciliation) Report identifies FY 2012 CCC-955/CCC-956 payments that failed to pass to NPS. County Offices shall print and review this report on **January 17, 2012**. Corrective action **must** be taken **before** the payment will pass successfully to NPS. County Offices shall monitor the Payment Status (Reconciliation) Reports to ensure that corrective action has been taken by the County Office. The Payment Status (Reconciliation) Report is available through the TTPP Reports Menu. See subparagraph C.

The TTPP Assignment Report is available in the FWADM. State and County Offices can access the Assignment Reports through FSA Applications, FSA Data Marts, Hyperion Data Marts, and FWADM reports. County Offices shall print and review this report the week of **January 9, 2012**, to verify all TTPP assignments for all years are listed and include:

- CCC-955/CCC-956 contract number
- CCC-955/CCC-956 amount previously assigned in prior years
- projected assignments for FY 2012 through FY 2014.

County Offices shall take corrective action through FSA Financial Services if:

- CCC-955/CCC-956 contract number is missing or wrong
- the assignment was erroneously established using the FSN instead of CCC-955/CCC-956 contract number.

Note: CCC-955/CCC-956 status **must** be placed "In Dispute (DI)" if corrective action does **not** take place by **January 13, 2012**.

The Payment Status (Reconciliation) Report (subparagraph C) is available through the TTPP Reports Menu.

4 System Functionality for Reports (Continued)

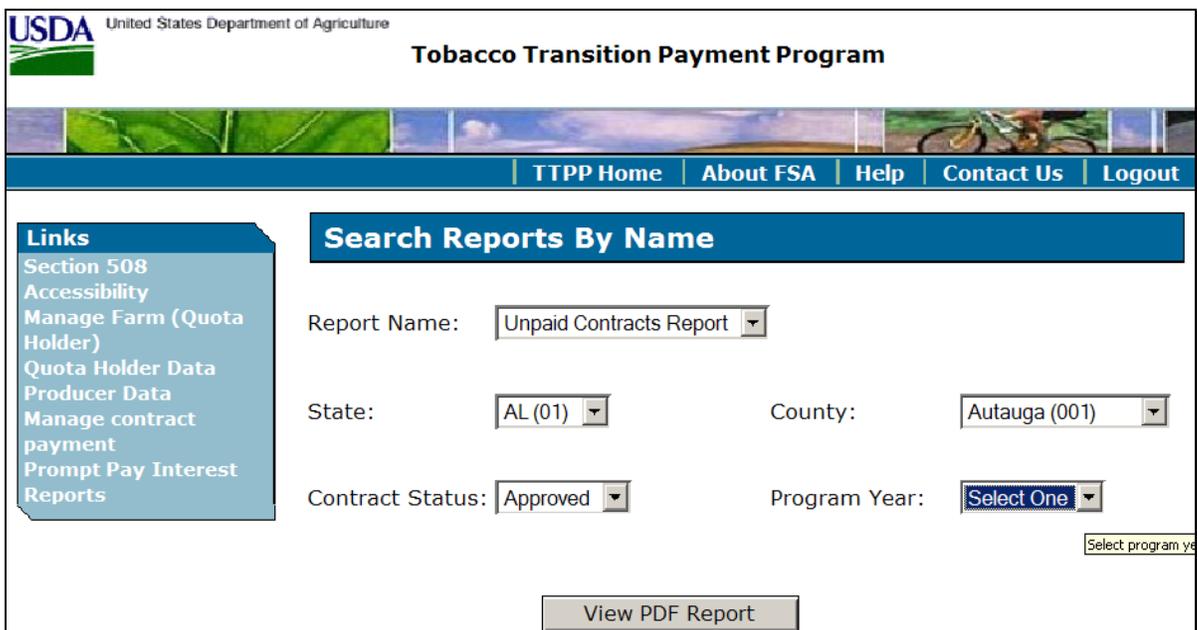
B Unpaid Contracts Report

On the Report Selection Criteria Screen, the Unpaid Contracts Report is available to users through the “Search Reports By Name” TTPP reports link.



On the Search Reports By Name Screen, from the “Report Name” drop-down menu, select “Unpaid Contracts Report”. From the “Contract Status” drop-down menu, select “Approved (AP)” or “In-Dispute (DI)”. From the “Program Year” drop-down menu, select “2012” and CLICK “View PDF Report”.

Note: The current FY often is **not** available until the payment sweeps are restarted to allow the current FY and prior FY’s to be paid.



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4 System Functionality for Reports (Continued)

B Unpaid Contracts Report (Continued)

The following is an example of the cover page, with legend, that will be displayed on each TTPP Unpaid Contracts Report request.

TTPP Unpaid Contracts Report , Cover Page - State: GEORGIA(13)
County: Appling(001)
Date: 11-02-2006

Year:2006
Status:Approved

Legend:
 Contract Type QH - Quota Holder Contract (CCC-955)
 Contract Type PR - Producer Contract (CCC-956)

Contract Origin:
 ORG - Original Contract created by County Office
 BQ-Incr - Contract is the result of BQL change that increased the BQL of the original contract
 BQ-Decr - Contract is the result of BQL change that decreased the BQL of the original contract
 BQ-NoChg - Contract is the result of BQL change that had a net zero change to the BQL of the original contract
 TXN - Contract is the result of Tax Id change to a different person (different tax id, different person)
 TXC - Contract is the result of Tax Id change to the same person (different tax id, same person - e.g. typo in tax id)
 971 - Contract is the result of a CCC-971 transfer process

Contract Status:
 AP - Approved
 DI - In Dispute

The following is an example of the TTPP Unpaid Contracts Report. The report is sorted by the last 6 digits of contract number, then by crop code.

TTPP Unpaid Contracts Report- State: GEORGIA(13)
County: Appling(001)
Date: 11-02-2006

Year:2006
Status:Approved

Contract Number	Contract Status	Approval Date	Contract Origin	Contract Type	Total Contract Amount	Annual Installments	Name	Tax ID/ Type	Annual Payment Amount	Amount Paid	Amount Owed
999999999999	AP	07/12/2005	ORG	QH	\$3,101.00	10	JOHN DOE	*****000000	\$310.10	\$0.00	\$310.10
999999999999	AP	07/13/2005	ORG	PR	\$16,912.00	10	JOHN DOE	*****000000	\$1,691.20	\$0.00	\$1,691.20
999999999999	AP	07/12/2005	ORG	QH	\$16,912.00	10	JOHN DOE	*****000000	\$1,691.20	\$0.00	\$1,691.20
999999999999	AP	09/23/2006	ORG	QH	\$1,400.00	10	JOHN DOE	*****000000	\$140.00	\$0.00	\$140.00

The following is an example of the TTPP Unpaid Contracts Report summary page.

TTPP Unpaid Contracts Report- State: GEORGIA(13)
County: Appling(001)
Date: 11-02-2006

Year:2006
Status:Approved

Total Number of Contracts	Total Annual Payment Amount	Total Amount Paid to-date	Total Amount Owed
10	\$ 7,586.70	\$ 0.00	\$ 7,586.70

4 System Functionality for Reports (Continued)

C Payment Status (Reconciliation) Report

On the Payment Status Report Screen, from the “Payment Status” drop-down menu, users can select either “Failed” or “Passed”. From the “Select program year” drop-down menu, select “2012”. Enter the payment date range for the Payment Status Report, and CLICK “View PDF Report”.

The screenshot shows the 'Payment Status Report' form within the USDA Tobacco Transition Payment Program interface. The form includes a 'Links' sidebar with options like 'Section 508 Accessibility' and 'Manage Farm (Quota Holder)'. The main form area contains several input fields: 'State' (VA(51)), 'County' (Lee(105)), 'Payment Status' (Failed), 'Select program year' (Select One), and 'Payment Date' (MM/dd/yyyy) with a 'To:' field. A 'View PDF Report' button is located at the bottom of the form.

The following is an example of the Payment Reconciliation Report cover page with legend.

The screenshot displays the 'Payment Reconciliation Report, Cover Page' for State: GEORGIA(13) and County: Berrien(019). The report parameters are: Program Year: 2005, Start Date: 10/10/2005, End Date: 10/10/2006, and Payment Status: Failed. The date is 11-03-2006. A legend section defines contract types (QH for Quota Holder, PR for Producer), contract origins (ORG, BQ-Incr, BQ-Decr, BQ-NoChg, TXN, TXC, 971), and contract statuses (AP for Approved, DI for In Dispute, CL for Cancelled, SI for Sold). A note at the bottom states: 'Note: For failed payment requests due to Eligibility errors, the data shown is for all years (the data can not be shown by year at this time). For other than Eligibility errors, the data is shown by requested year.'

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4 System Functionality for Reports (Continued)

C Payment Status (Reconciliation) Report (Continued)

The following is an example of the Payment Reconciliation Report.

Example: In this example, the user selected “Approved” contracts that have failed because of an error condition. The report is sorted by the last 6 digits of contract number, then by crop code.

Payment Reconciliation Report - State: GEORGIA(13) County: Berrien(019) Date: 11-03-2006											
Program Year:2005		Start Date: 10/10/2005		End Date: 10/10/2006		Payment Status:Failed					
Contract Number	Contract Status	Approval Date	Contract Origin	Contract Type	Total Annual Contract Install-Amount ments	Name	Tax ID/Type	Annual Payment Amount	Transaction Amount	Payment Request Date	Status
999999999999	AP	07/08/2005	ORG	PR	\$31,927.00	10 DOE JOHN	*****XX(S)	\$3,192.70	\$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	\$31,927.00	10 DOE JOHN	*****XX(S)	\$3,192.70	\$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	\$31,927.00	10 DOE JOHN	*****XX(S)	\$3,192.70	\$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	\$31,927.00	10 DOE JOHN	*****XX(S)	\$3,192.70	\$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	07/08/2005	ORG	PR	\$31,927.00	10 DOE JOHN	*****XX(S)	\$3,192.70	\$3,193.00	09/01/2006	Prompt Pay Applicable Indicator Not Set
999999999999	AP	09/01/2006	ORG	QH	\$420.00	10 DOE JOHN	*****XX(S)	\$42.00	\$42.00	09/01/2006	Unsigned Payment Cancelled (NPS)

The following is an example of the TTPP Payment Reconciliation Report summary page.

Payment Reconciliation Report - State: GEORGIA(13) County: Berrien(019) Date: 11-02-2006										
Program Year:2005		Start Date: 10/10/2005		End Date: 10/10/2006		Payment Status:Failed				
Total Number of Contracts		Total Annual Payment Amount								
6		\$ 16,005.50								

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5 TTPP Payments Subject to IRS Backup Tax Withholding

A IRS Backup Tax Withholding Overview

Internal Revenue Code Section 3406(a)(1)(C) mandates a 28 percent backup tax withholding on certain payments to taxpayers identified by the IRS as subject to backup withholding. Payments subject to backup tax withholding are payments reported on IRS Form 1099-INT and/or IRS Form 1099-OID.

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

B Kansas City Action

The backup tax withholding process will be implemented by having Kansas City do the following:

- notify County Offices, in writing, of the producer's name and TIN subject to the IRS mandated backup tax withholding
- set the status code to "BW" (backup withholding) on CCC-955/CCC-956's held by the affected producers.

Note: The payments on the affected CCC-955/CCC-956's will be processed on **February 1, 2012**, but disbursement will **not** occur until after the withholding amount is calculated.

C County Office Action

County Offices that are notified in writing by Kansas City of producers subject to the backup tax withholding shall do the following:

- **immediately** set the "Other Agency Debt" flag for the producer in Financial Services, Customer Profile according to Notice FI-3084
- FAX confirmation indicating the "Other Agency Debt" flag has been set for the producer according to Notice FI-3084.

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5 TTPP Payments Subject to IRS Backup Tax Withholding (Continued)

D Processing Payments for TTPP Subject to IRS Backup Withholding Tax

Before any payments are disbursed to producers subject to the IRS backup tax withholding, Kansas City must first calculate the amount of withholding to be offset. Within 2 to 3 workdays after the payments request has been sent to NPS, Kansas City will also send notification to the County Offices by encrypted e-mail identifying the following:

- CCC-955/CCC-956's
- associated TIN's
- the amount of the backup tax withholding based on the imputed interest of the TTPP payments.

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

County Offices can process payments from the manual worklist for the affected producers **after** receiving notification of the calculated amount to withhold and entering the amount to withhold according to 1-FI, subparagraph 138 H, using the County Office name and address as the payee in order for the check of the withholding amount to be mailed to the County Office for deposit.

E Summary of County Office Actions for Backup Withholdings

County Offices shall follow Notice FI-3084 to do the following:

- establish the “Other Agency Debt” flag
- enter the calculated withholding amount and payee information
- record backup tax withholdings in NRRS
- discontinue backup tax withholding
- report to Kansas City the following:
 - “Other Agency Debt” flag being set
 - backup tax withholdings of CCC payments being deposited
- removal of the “Other Agency Debt” flag **after** Kansas City verifies collection of backup tax withholdings is no longer required for the producer.

Note: Kansas City will provide written notification instructing the County Office to remove the “Other Agency Debt” flag.