

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Payment Limitations
1-PL (Revision 1)**

Amendment 50

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 52 D has been amended to clarify the supporting documentation requirements for corporations.

Subparagraph 233 C has been added to include the regulation for foreign persons.

Paragraph 333 has been amended to reflect the current policy and procedure for the required COC review of estates of duration of more than 2 years.

Paragraph 334 has been amended to update the case examples for estates.

Subparagraph 364 A has been amended to include the reference to 1-CM when using employer identification numbers for trusts.

Subparagraph 629 A has been amended for consistency with the regulation.

Paragraph 630 has been amended to:

- clarify AGI compliance certification requirements
- include an example of the revised 2008 CCC-526.

Note: As indicated, CCC-526 (10-15-03) is for the years 2003 through 2007; the CCC-526 (6-12-08) is for year 2008 only.

Subparagraph 706 D has been added to clarify end-of-year review reporting requirements.

Subparagraph 707 B has been amended to clarify State Office requirements for sending CCC-502EYR (Report PA-122R) to PECD.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 800 C has been amended to include that no further program payments or benefits are to be issued, either directly or indirectly, to any entry listed on the “Payments to Individuals Identified as Deceased” Report until:

- the required review has been completed
- it is determined that all eligibility requirements have been met.

A new paragraph 802 has been added to provide codes and identifiers for payments issued to individuals identified as deceased.

Paragraph 803 has been added to provide the information previously in paragraph 802.

Exhibit 15 has been amended to provide an example of the “Payments to Individuals Identified as Deceased” Report (RPT-I-00-CM-08-1).

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52 Documentation

A Introduction

This paragraph provides guidelines on documentation needed to support COC determination.

B Adequate Documentation

COC shall require adequate documentation to support the applicable CCC-502 and CCC-526.

Definition: Adequate documentation is whatever documentation is required by the reviewing authority to make proper “actively engaged in farming”, “person” determinations, and the determination of average adjusted gross income compliance.

C Documentation Not Required

The reviewing authority should avoid requiring documents that are extremely personal if the determination can reasonably be made without the documents. COC may:

- *--accept documents with redacted information that is not relevant to the determinations of “actively engaged in farming”, “person”, and average AGI--*
- accept income tax returns to make the determination if **voluntarily** provided by the producer.
- request income tax returns * * * to verify compliance with all payment eligibility requirements.

It is not anticipated that amounts paid for land leases or equipment leases will be needed unless the equipment or land is leased from another member having an interest in the farming operation.

52 Documentation (Continued)

D Documentation That May Be Used

Supporting documents may include legal documentation concerning:

- land ownership
- corporations

***--Note:** Copies of the Articles of Incorporation and corporate meeting minutes are required. Copies of stock certificates are optional, but may be requested for verifying shares and shareholders.--*

- trusts

Note: A copy of the trust agreement must be provided by the trust unless the trust is revocable.

- partnerships
- operating agreements
- land and equipment leases
- financial agreements, including letters of credit
- any other information, including income tax returns, needed to apply the payment eligibility and payment limitation rules.

E Scrutiny of Trusts

All trusts that receive payments shall be carefully scrutinized to ensure that the trusts are legitimate entities and have not been created solely for evading payment limitation provisions.

County Offices shall:

- require trusts to provide a copy of the trust agreement unless the trust is a revocable trust
- determine whether provisions are included in the trust agreement that would require the trust to be considered a revocable trust according to paragraph 362.

Part 3 Foreign Person Provisions

233 Overview

A Introduction

This part provides instructions and requirements identifying a foreign individual or entity, and determining eligibility for program benefits.

B In This Part

The following paragraphs are included in this part.

Paragraph	Title	Page
234	Applicability of Foreign Person Rule	3-2
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*--C Foreign Person Rule

[7 CFR 1400.501] Any person who is not a citizen of the United States or a lawful alien shall be ineligible to receive payments, loans, and benefits, with respect to any commodity produced, or land set aside from production, on a farm that is owned or operated by such person unless such person is an individual who is providing land, capital, and a substantial amount of active personal labor on such farm.

A corporation or other entity shall be ineligible to receive payments, loans, and benefits if more than 10 percent of the beneficial ownership of the entity is held by persons who are not citizens of the United States or lawful aliens unless each foreign individual who is a stockholder or other type of member provide a substantial amount of active personal labor in the production of crops on the farm owned or operated by this entity.--*

--234 Applicability of Foreign Person Rule--**A Introduction**

Before making any “person” or “actively engaged in farming” determinations, it must be established whether individuals or entities, projected to share in applicable program benefits, are “foreign persons”.

B Program Applicability

Apply the provisions in this part to:

- any type of payment, loan, and benefit made for 1989 and subsequent crop years

***--Note:** Refer to paragraph 16 for program applicability.--*

- * * * CRP contract approved after December 21, 1987. If a CRP contract was approved after December 20, 1987, but before August 1, 1988, the person may elect to have provisions of this part apply.

Note: Unless otherwise specified, all other provisions of this handbook are applicable in determining payment eligibility for “foreign persons”. See paragraph 16 for applicability to specific programs.

332 “Person” Determinations - Estates (Continued)

C Minor Heirs

If the estate has 1 or more minor heirs and the minor does not qualify as a separate “person” according to paragraph 254, the minor child’s interest is considered to be the parent’s interest.

***--Example: Situation:** General Partnership A consists of Individual B and Estate C, each with a 50 percent share.

Estate C consists of Individual D and Individual E, each with a 50 percent share. Individual E is the minor child of Individual B.

Result: Individual E’s interest in the estate would be considered to be the interest of Individual B. Accordingly, Individual B would be required to designate Individual E’s interest in the estate as a “permitted entity” in order for the interest to be paid.--*

D Programs Not Requiring Determination of “Actively Engaged”

If a program requires a determination of “persons” but not a determination of “actively engaged in farming,” the following is also required to be eligible for payments or benefits:

- the claimed share of the profits or losses of the farming operation must be commensurate with the contributions to the farming operation
- contributions at risk.

333 “Actively Engaged” Determinations - Estates

A General Rule

For 2 program years after the program year in which an individual dies, the individual’s estate shall be considered to be “actively engaged in farming” if all of the requirements in this table are met.

Item	Requirement
1	The estate separately makes a significant contribution of capital, equipment, or land, or a combination thereof.
2	The personal representative (Executor, Administrator, etc.) or heirs of the estate collectively make a significant contribution of active personal labor or active personal management, or combination thereof, to the farming operation.
3	The estate’s share of the profits or losses from the farming operation is commensurate with the contribution to the farming operation.
4	The estate’s contributions are at risk.

Notes: See paragraph 275 for the incapacitated individual rule.

--See 1-CM for EIN requirements for estates.--

B Rule for Estates of More Than 2 Years

Following the period of 2 program years after the program year in which an individual dies, the deceased individual’s estate shall not be considered to be “actively engaged in farming” unless, on a case-by-case basis, COC determines that the estate is still active and is being kept active for reasons other than for obtaining program payments.

*--**Note:** Use CCC-502 D, Item 7 to identify the estates for current year eligibility.--*

333 “Actively Engaged” Determinations - Estates (Continued)***--C Required COC Review and Determination**

On an annual basis, COC is required to:

- identify all estates requesting program benefits **and** which have been in existence for more than 2 program years after the date of death of the individual
- review all supporting documentation provided by an authorized representative on behalf of the estate
- determine if the estate is kept active for reasons other than for receiving program benefits.

Information provided by an authorized representative of the estate for this required COC review may include, but is not limited to:

- Letter of Testamentary issued by the court within the last 12 months
- prior year tax return (IRS Form 1041)
- written explanation from the executor, administrator, or legal counsel for the estate.

If an identified estate fails to meet these requirements, this estate shall be:

- determined ineligible for current and subsequent years program benefits
- provided written notice of COC’s determination of ineligibility
- given appeal rights according to 1-APP.--*

D DD Review of Estates of More Than 2 Years

For estates of duration greater than 2 program years after an individual dies, DD must:

- review COC findings
- concur with the determination for the estate to be recognized
- *--provide a report to the State Office of all estates of duration greater than 2 years that are reviewed by COC’s and have determinations made.

E State Office Review of Estates of More Than 2 Years

Effective for 2008 and subsequent years, State Offices Shall:

- collect reports from all DD’s
- consolidate information for future reporting purposes to DAFP/PECD.--*

334 Case Examples - Estates

A Example 1

***--Situation:** Estate E is formed upon the death of Individual E in February 2008.--*
Individual B is the sole heir of the estate and provides a significant amount of active personal management. Estate E provides equipment and rented land. All labor is hired. Individual B also has individual farming interest. All contributions are commensurate and are at risk.

Determination: Estate E is considered to be “actively engaged in farming” since the heir (Individual B) has provided a significant amount of active personal management and the estate has provided equipment and land.

- Although Individual B is the sole heir of the estate, Individual B and the estate are not considered to be 1 “person” because, before the death, Individuals E and B would not have been combined as 1 “person.”
- Therefore, Individual B may be considered to be a separate “person” from Estate E and will be eligible for payment if Individual B is determined to be “actively engaged in farming” with respect to the separate farming operation.

334 Case Examples - Estates (Continued)

B Example 2

***--Situation:** Estate C was formed in October 2004 upon the death of Individual C. The--* heirs are Individuals E, F, and G, each having a one-third interest.

- Before the death of Individual C, Individual C owned equipment and all of the acreage farmed was cash leased. Individual E will serve as executor for the estate.
- *--For 2008, Estate C will cash lease land. Estate C will contribute a--* significant amount of cash rented land, owned equipment, and capital for the farming operation.
- Individual E will provide a significant amount of active personal management with the estate hiring all labor.
- All contributions are commensurate and are at risk.
- *--COC reviewed the Letter of Testamentary and the 2007 tax return, and determined that Estate C kept active for reasons other than receiving 2008 program benefits.

Determination: Estate C is considered to be “actively engaged in farming for 2008.”--* The heirs may also be considered to be separate “persons” with respect to other farming operations if all conditions are met for such operation.

334 Case Examples - Estates (Continued)

C Example 3

***--Situation:** Estate Y is formed in August 2007 upon the death of Individual Y.

- Before death, Individual Y had been determined to be “actively engaged in farming” and had entered into a CCC-509 to participate in the 2007 DCP.--*
- Estate Y will continue to farm the acreage that was leased to Individual Y, as a successor-in-interest for 2007 contract. Estate Y will hire any labor and management that is needed for the farming operation.

Determination: Estate Y is considered to be “actively engaged in farming” because Individual Y was determined to be “actively engaged in farming” and had executed a contract to participate in the program before death. However, to continue to be “actively engaged in farming” for 2008, the heirs or personal representative of the estate will have to provide a significant amount of active personal labor or active personal management, and the estate will have to provide a significant amount of capital, equipment, or land.

364 “Actively Engaged” Determinations - Trusts

A Rule

[7 CFR 1400.205] An irrevocable or revocable trust shall be considered to be “actively engaged in farming” if all of the requirements in this table are met.

Item	Requirement
1	The trust separately makes a significant contribution of capital, equipment, or land, or a combination thereof.
2	Income beneficiaries that make contributions of active personal labor or active personal management, have a combined interest of at least 50 percent, and collectively make a significant contribution to the farming operation.
3	The trust’s share of the profits or losses from the farming operation is commensurate with the contribution to the farming operation.
4	The trust’s contributions are at risk.
5	The trust has provided a tax ID number of the trust unless the trust is a revocable trust and the grantor is the sole income beneficiary or all grantors and beneficiaries of the revocable trust are combined as 1 “person”.
6	The trust has provided a copy of the trust agreement to COC, unless the trust is a revocable trust.

--Note: See 1-CM for EIN requirements for trusts.--

B Tax Identification Numbers

A single tax identification number, such as a Social Security number, may not be used to pay both an individual and a trust in the same year.

C Actions of a Trustee

The personal actions of a trustee, either labor or management, cannot be considered as contributions of the trust in meeting the requirement of actively engaged in farming.

Only the income beneficiaries of a trust can provide the required, at-risk contributions of active personal labor or active personal management, or combination thereof, for the trust to be considered actively engaged in farming.

--365 Case Examples - Trusts--**A Irrevocable Trust Example 1**

Situation: EF Trust meets the requirements to be considered an irrevocable trust for payment limitation purposes. The trust, with Individuals E and F each having an interest of 50 percent, contributes a significant amount of capital to the farming operation. Each beneficiary contributes a significant amount of active personal management. All labor is hired. The land and equipment are leased. The trust's share of the profits or losses from the farming operation are commensurate with the trust's contributions to the operation and the contributions are at risk. Individual E also has another farming interest as an individual.

Determination: EF Trust is considered to be "actively engaged in farming" since the trust provides capital, and the beneficiaries contribute a significant amount of active personal management. The trust is considered to be 1 "person" for payment limitation purposes. Individual E may also be considered a separate "person" with respect to Individual E's individual farming operation.

B Irrevocable Trust Example 2

Situation: Individual G is a 100 percent income beneficiary of G Trust which meets the requirements to be considered an irrevocable trust for payment limitation purposes. G Trust contributes a significant amount of both equipment and capital to the farming operation. Individual G contributes at least 50 percent of the operation's active personal labor. G Trust leases all land and hires all management and 50 percent of the labor. Individual G also has farming interests as an individual.

Determination: G Trust is considered to be "actively engaged in farming." Individual G and G Trust are considered to be 1 "person" for payment limitation purposes because Individual G is the sole income beneficiary of the trust.

629 AGI Definitions and Determinations

A Definitions

[7 CFR 1400.601] AGI is for an:

- individual, the amount reported to IRS on the appropriate tax filing documents as AGI
- entity, the comparable measure as provided in this handbook.

Average AGI for the individual or entity is the average of AGI, or comparable measure, of the individual or entity over the 3 tax years immediately preceding the year for which benefits are requested.

***--Note:** Exclude any year(s) that the individual or entity did not have income or was not in business.--*

Income from farming, ranching or forestry operations is income derived from producing crops, livestock, or unfinished raw forestry products.

Note: Include income from:

- sale of land (including easement rights and development rights) used for farming, ranching, and forestry operations
- sale of farm water rights
- rental of land used for farming, ranching, and forestry operations
- commercial hunting fees on land used for farming, ranching, and forestry
- sale of farm equipment subject to depreciation expense as reported to the IRS
- Federal agriculture and conservation program payments.

Exclude income from the following:

- processing, packaging, or packing
- transporting
- commission from marketing for others
- investment income even if invested funds came from farming, ranching, or forestry.

629 AGI Definitions and Determinations (Continued)***--A Definitions (Continued)**

Income from fishing includes amounts received from catching, taking, harvesting, cultivating, or farming aquatic resources such as fish, shellfish, crustacea, and other aquatic forms of animal or vegetable life. (IRS Publication 595, Tax Highlights for Commercial Fisherman.)

B Sources of Income Data

Income from farming, ranching, and forestry operations is:

- recorded on the IRS Schedule F, Form 4835 or comparable form, as allowed by applicable tax code
- reflected in and attached to Form 1040 or other appropriate income tax return filed by the individual or entity with the IRS for tax purposes.

Income from fishing is:

- is recorded on the IRS Schedule C, or Schedule C-EZ, as allowed by applicable tax code
- reflected in and attached to Form 1040 or other appropriate income tax return filed by the individual or entity with the IRS for tax purposes.

C Determinations

Income reported by the individual or entity to the IRS on the Schedule C, Schedule C-EZ, Schedule F, Form 4835, or a comparable form, will be acceptable to FSA as income derived from farming, ranching, forestry, and fishing operations for AGAI compliance purposes.

The reviewing authority shall defer to these information sources for AGI compliance determinations for questionable cases.--*

630 Certification of Average AGI***--A Certification of Compliance**

For compliance with the AGI requirement for the applicable crop year, program, or FY, an individual or entity shall provide **1** of the following:

- statement from a certified public accountant or an attorney that the average AGI does not exceed the limitation
- CCC-526 applicable to the year that program benefits are requested
- the appropriate document or form when the AGI certification is part of the application for a specific program benefit. (See Exhibit 6 for examples).

B Required AGI Certifications for Payment Eligibility

AGI compliance certifications are required for payment eligibility for **all**:

- individuals
- entities
- interest holders in an entity, including embedded entities to the fifth level of ownership interest, and regardless of the level of interest held
- members of a general partnership or joint venture
- Indians and Native Americans represented by the BIA.

Note: Substantial beneficial interest rules do not apply.

C Deadline for AGI Certifications

AGI certification must be submitted:

- according to the deadlines established by the applicable programs
- before approving and issuing any program benefit subject to these provisions.

D Using FSA-211

FSA-211 may be used to complete AGI certifications. See 1-CM.

E Multi-County Producers

An individual or entity with multi-county farming interests will submit the required AGI certification(s) only once in the control county.

The control county shall make any AGI compliance determinations, if necessary, and share the information with other counties according to paragraphs 415 and 416.--*

630 Certification of Average AGI (Continued)

-F Example of CCC-526 for 2003 Through 2007--

This form is available electronically.

<p>CCC-526 (10-15-03)</p>	<p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p>	<p>1A. County FSA Office or Service Center Address (Include Zip Code)</p>		
<p>PAYMENT ELIGIBILITY AVERAGE ADJUSTED GROSS INCOME CERTIFICATION</p>		<p>1B. Telephone Number (Include Area Code):</p>		
<p>The authority to collect the following information is Pub. L. 107-171. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995.</p>				
<p>NOTE: The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a), as amended. The Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171), and the regulations at 7 CFR Part 1400, as amended, authorize the collection of the information required by this certification. The information will be used to establish payment eligibility in accordance with the requirements of the law for applicants who are requesting program benefits subject to these provisions. Providing this information is voluntary; however, failure to furnish the requested information will result in a determination of ineligibility for program benefits. This information may be used by and provided to other agencies, IRS, Department of Justice, other State or Federal law enforcement agencies, and in response to orders of a court magistrate, or administrative tribunal. All information provided herein is subject to verification by the Commodity Credit Corporation. As provided in various statutes, failure to provide true and correct information may result in civil suit or criminal prosecution and the assessment of penalties or pursuit of other remedies. PLEASE RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OR SERVICE CENTER OFFICE.</p>				
<p>2A. Individual or Entity's Name and Address (Include Zip Code)</p>	<p>3. Program Year</p>			
<p>2B. Telephone Number (Include Area Code):</p>	<p>4. Identification Number (SSN or Tax ID No.)</p>			
<p>CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME: Each individual or entity that requests program benefits must complete a certification of average adjusted gross income.</p>				
<p>By signing this form, I acknowledge that:</p> <ul style="list-style-type: none"> • all definitions, requirements, and examples on Page 3 of this form were reviewed; • this certification of average adjusted gross income is true and correct, and will be considered a continuous certification through 2007, unless changes or revisions are submitted; • it is my responsibility to timely notify FSA in writing of any changes in the farming, ranching or forestry operation, or financial status that may affect this certification; • evidence such as tax records, certified public accountant's certification, or other documentation may be required to validate this certification. 				
<p>5. Type of Operation (Check One)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Individual (Complete Item 6) <input type="checkbox"/> Trust or Estate (Complete Item 7) <input type="checkbox"/> Corporation (Complete Item 8) </td> <td style="width: 50%; vertical-align: top;"> <input type="checkbox"/> Limited Partnership, Limited Liability Company, Limited Liability Partnership or Similar Entity (Complete Item 9) <input type="checkbox"/> Tax-Exempt or Non-Profit Organization (Complete Item 10) </td> </tr> </table>			<input type="checkbox"/> Individual (Complete Item 6) <input type="checkbox"/> Trust or Estate (Complete Item 7) <input type="checkbox"/> Corporation (Complete Item 8)	<input type="checkbox"/> Limited Partnership, Limited Liability Company, Limited Liability Partnership or Similar Entity (Complete Item 9) <input type="checkbox"/> Tax-Exempt or Non-Profit Organization (Complete Item 10)
<input type="checkbox"/> Individual (Complete Item 6) <input type="checkbox"/> Trust or Estate (Complete Item 7) <input type="checkbox"/> Corporation (Complete Item 8)	<input type="checkbox"/> Limited Partnership, Limited Liability Company, Limited Liability Partnership or Similar Entity (Complete Item 9) <input type="checkbox"/> Tax-Exempt or Non-Profit Organization (Complete Item 10)			
<p>6. Individual For individuals that file the IRS Form 1040, specific lines on the form represent the adjusted gross income and the income from farming, ranching or forestry operations. The income from farming, ranching or forestry is derived from the schedule F, IRS form 4835 or comparable form.</p> <p>A. The average of the adjusted gross income, as specified on the IRS Form 1040 (or similar item on IRS Forms for individuals) for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p style="padding-left: 20px;">If "NO", proceed to Item 6B.</p> <p>B. The average of the amount reported to be from farming, ranching, or forestry operations on the IRS Form 1040 (or similar on Form 1040A or 1040EZ) for the applicable years, was at least 75 percent of the amount represented as adjusted gross income on the Form 1040 (or comparable amount on Form 1040A or 1040EZ). YES <input type="checkbox"/> NO <input type="checkbox"/></p>				
<p>C. Signature</p>	<p>Date (MM-DD-YYYY)</p>			
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.</small></p>				

630 Certification of Average AGI (Continued)

--F Example of CCC-526 for 2003 Through 2007 (Continued)--

CCC-526 (Page 2 of 3) (10-15-03)	
CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME (Continuation)	
<p>7. Trust or Estate For a trust or estate, the adjusted gross income is the total income and charitable contributions reported to IRS on the IRS Form 1041, or comparable forms. The income for farming, ranching and forestry is derived from the Schedule F, IRS form 4835 or comparable form.</p> <p>A. The average of the adjusted gross income as defined above, and reported to the IRS for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p style="padding-left: 20px;">If "NO", proceed to Item 7B.</p> <p>B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 7A above. YES <input type="checkbox"/> NO <input type="checkbox"/></p>	
C. Signature	Date (MM-DD-YYYY)
<p>8. Corporation For a corporation, the adjusted gross income is the total of the final taxable income and any charitable contributions reported to the IRS on Form 1120, or comparable forms. The income from farming, ranching and forestry is derived from the Schedule F, IRS form 4835 or comparable form.</p> <p>A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p style="padding-left: 20px;">If "NO", proceed to Item 8B.</p> <p>B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 8A above. YES <input type="checkbox"/> NO <input type="checkbox"/></p>	
C. Signature	Date (MM-DD-YYYY)
<p>9. Limited Partnership (LP), Limited Liability Company (LLC), Limited Liability Partnership (LLP) or Similar Entity For an LP, LLC or LLP, the adjusted gross income is the total income from trade or business activities plus guaranteed payments to the members as reported to the IRS. The income from farming, ranching and forestry is derived from the Schedule F, IRS form 4835 or comparable form.</p> <p>A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p style="padding-left: 20px;">If "NO", proceed to Item 9B.</p> <p>B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 9A above. YES <input type="checkbox"/> NO <input type="checkbox"/></p>	
C. Signature	Date (MM-DD-YYYY)
<p>10. Tax-exempt or Non-profit Organization For a tax-exempt and non-profit organization, the adjusted gross income is the unrelated business taxable income excluding any income from non-commercial activities as reported to the IRS. The income from farming, ranching and forestry would be derived from the schedule F, or IRS form 4835 or comparable form.</p> <p>A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/></p> <p style="padding-left: 20px;">If "NO", proceed to Item 10B.</p> <p>B. The average of the amount represented to be from farming, ranching or forestry interests as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 10A above. YES <input type="checkbox"/> NO <input type="checkbox"/></p>	
C. Signature	Date (MM-DD-YYYY)

630 Certification of Average AGI (Continued)

--F Example of CCC-526 for 2003 Through 2007 (Continued)--

CCC-526 (Page 3 of 3) (10-15-03)

AVERAGE ADJUSTED GROSS INCOME

The Farm Security and Rural Investment Act of 2002 included average adjusted gross income as a payment eligibility requirement. Any individual or entity requesting certain 2003 through 2007 program payments will be subject to this provision. Any individual or entity that is determined to have an average adjusted gross income, as defined, that is less than 75 percent from farming, ranching or forestry operations and that exceeds \$2.5 million will be ineligible for any covered benefit during the applicable year.

DEFINITIONS AND OTHER INFORMATION

Average Adjusted Gross Income means the average of the adjusted gross income or comparable measure of the individual or entity over the preceding 3 tax years. For instance, if 2003 program benefits are requested, the tax years for average adjusted gross income determination would be 2002, 2001 and 2000.

Entity means a corporation, joint stock company, association, limited partnership, charitable organization, or similar entity, including any such entity or organization participating in the operation as a partner in a general partnership, a participant in a joint venture, a grantor in a revocable trust, or as a participant in a similar entity, as determined by the Secretary.

The manner in which the Adjusted Gross Income can be determined for an entity can be found in the regulations at 7 CFR Part 1400.

Commensurate Reduction means that any covered benefit issued to an entity, general partnership, or joint venture shall be reduced by an amount that is commensurate with the direct or indirect ownership interest the entity, general partnership, or joint venture of each individual who does not comply with the adjusted gross revenue requirement.

Certification of Compliance means that an individual or entity shall provide either a certification by a certified public accountant that the average adjusted gross income does not exceed the requirement; or provide information and documentation regarding the adjusted gross income through other procedures established by the Secretary.

Income from farming, ranching or forestry means income derived from producing crops, livestock, or unfinished raw forestry products.

Special Rules for Certain Individual and Entities are applicable to those entities that are not required to file a tax return, and individuals and entities that did not have taxable income in one or more tax years used to determine the 3-year average. Please consult with personnel at your local FSA office or service center for more information.

EXAMPLES

Situation 1 - Joe Smith requests benefits from the Direct and Counter-Cyclical Payment Program and from a Conservation Reserve Program contract approved effective for 2003. Mr. Smith's average adjusted gross income exceeds \$2.5 million and was all from farming and livestock operations.

Determination - At least 75 percent of the average adjusted gross income was received from farming, ranching and forestry operations. Therefore, Mr. Smith complies with the adjusted gross income requirement and is eligible for the program benefits requested.

Situation 2 - Grace Jones is a share rent landowner and requests benefits from the Direct and Counter-Cyclical Payment Program on a contract with her tenant. Ms. Jones' average adjusted gross income was less than \$2.5 million and over 75 percent was from non-agricultural interests.

Determination - Less than 75 percent of the average adjusted gross income was from farming, ranching and forestry, but the amount was less than \$2.5 million. Therefore, Ms. Jones is eligible for the program benefits requested.

Situation 3 - William Davis is a share rent landowner and requests benefits from the Direct and Counter-Cyclical Payment Program on a contract with his tenant. Mr. Davis' average adjusted gross income was greater than \$2.5 million and over 75 percent was from non-agricultural sources.

Determination - Less than 75 percent of the average adjusted gross income was from farming, ranching and forestry, and exceeds \$2.5 million. Therefore, Mr. Davis is ineligible for the program benefits requested.

Situation 4 - Mark Johnson is a 25 percent stockholder in Johnson Farms, Inc. Johnson Farms requests benefits from the Direct and Counter-Cyclical Payment Program. The average adjusted gross income for Johnson Farms was all from farming and ranching. The average adjusted gross income for each of the stockholders was mostly from non-agricultural sources and the amounts were less than \$2.5 million with the exception of Mark.

Determination - Any program benefit issued to an entity, general partnership, or joint operation shall be reduced by an amount commensurate with the direct or indirect ownership interest of an individual or entity who has an average adjusted gross income in excess of \$2.5 million. Therefore, Johnson Farms is eligible for the benefits requested, but reduced by the 25 percent, which represents the interest held by Mark.

630 Certification of Average AGI (Continued)

*--G Example of CCC-526 for 2008

This form is available electronically.

CCC-526 (06-12-08)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. County FSA Office or Service Center Address (Include Zip Code)						
2008 PAYMENT ELIGIBILITY AVERAGE ADJUSTED GROSS INCOME CERTIFICATION								
The authority to collect the following information is Food, Conservation, and Energy Act of 2008. This authority allows for the collection of information without prior OMB approval mandated by the Paperwork Reduction Act of 1995.								
<p>NOTE: The following statements are made in accordance with the Privacy Act of 1974 (5 USC 552a), as amended. The Food, Conservation and Energy Act of 2008 and the regulations at 7 CFR Part 1400, as it applied to 2007 crops, authorize the collection of the information required by this certification. The information will be used to establish payment eligibility in accordance with the requirements of the law for applicants who are requesting program benefits subject to these provisions. Providing this information is voluntary; however, failure to furnish the requested information will result in a determination of ineligibility for program benefits. This information may be used by and provided to other agencies, IRS, Department of Justice, other State or Federal law enforcement agencies, and in response to orders of a court magistrate, or administrative tribunal. All information provided herein is subject to verification by the Commodity Credit Corporation. As provided in various statutes, failure to provide true and correct information may result in civil suit or criminal prosecution and the assessment of penalties or pursuit of other remedies. PLEASE RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OR SERVICE CENTER OFFICE.</p>								
2. Individual or Entity's Name and Address (Include Zip Code)	3. Program Year 2008	4. Identification Number (SSN or Tax ID No. last 4 digits)						
CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME: Each individual or entity that requests program benefits directly or indirectly must complete a certification of average adjusted gross income.								
By signing this form, I acknowledge that:								
<ul style="list-style-type: none"> • all definitions, requirements, and examples on Page 3 of this form were reviewed; • the average adjusted gross income is the average of the three years immediately preceding the year specified in Item 3 above; • this certification of average adjusted gross income is true and correct unless changes or revisions are submitted; • it is my responsibility to timely notify FSA in writing of any changes in the farming, ranching or forestry operation, or financial status that may affect this certification; • evidence such as tax records, certified public accountant's certification, or other documentation may be required to validate this certification. 								
5. Type of Operation (Check One)								
<table style="width:100%; border: none;"> <tr> <td style="width: 50%; border: none;"><input type="checkbox"/> Individual (Complete Item 6)</td> <td style="width: 50%; border: none;"><input type="checkbox"/> Limited Partnership, Limited Liability Company, Limited Liability Partnership or Similar Entity (Complete Item 9)</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Trust or Estate (Complete Item 7)</td> <td style="border: none;"><input type="checkbox"/> Tax-Exempt Organization (Complete Item 10)</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Corporation (Complete Item 8)</td> <td style="border: none;"></td> </tr> </table>			<input type="checkbox"/> Individual (Complete Item 6)	<input type="checkbox"/> Limited Partnership, Limited Liability Company, Limited Liability Partnership or Similar Entity (Complete Item 9)	<input type="checkbox"/> Trust or Estate (Complete Item 7)	<input type="checkbox"/> Tax-Exempt Organization (Complete Item 10)	<input type="checkbox"/> Corporation (Complete Item 8)	
<input type="checkbox"/> Individual (Complete Item 6)	<input type="checkbox"/> Limited Partnership, Limited Liability Company, Limited Liability Partnership or Similar Entity (Complete Item 9)							
<input type="checkbox"/> Trust or Estate (Complete Item 7)	<input type="checkbox"/> Tax-Exempt Organization (Complete Item 10)							
<input type="checkbox"/> Corporation (Complete Item 8)								
6. Individual For individuals that file the IRS Form 1040, specific lines on the form represent the adjusted gross income and the income from farming, ranching or forestry operations. The income from farming, ranching or forestry is derived from the schedule F, IRS form 4835 or comparable form.								
A. The average of the adjusted gross income, as specified on the IRS Form 1040 (or similar item on IRS Forms for individuals) for the applicable 3 years, was \$2.5 million or less. YES <input type="checkbox"/> NO <input type="checkbox"/>								
If "NO", proceed to Item 6B.								
B. The average of the amount reported to be from farming, ranching, or forestry operations on the IRS Form 1040 (or similar on Form 1040A or 1040EZ) for the applicable years, was at least 75 percent of the amount represented as adjusted gross income on the Form 1040 (or comparable amount on Form 1040A or 1040EZ). YES <input type="checkbox"/> NO <input type="checkbox"/>								
C. Signature		Date (MM-DD-YYYY)						
<p><i>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</i></p>								

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630 Certification of Average AGI (Continued)

*--G Example of CCC-526 for 2008 (Continued)

CCC-526 (Page 2 of 3) (06-12-08)	
CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME (Continuation)	
7. Trust or Estate For a trust or estate, the adjusted gross income is the total income and charitable contributions reported to IRS on the IRS Form 1041, or comparable forms. The income for farming, ranching and forestry is derived from the Schedule F, IRS form 4835 or comparable form.	
A. The average of the adjusted gross income as defined above, and reported to the IRS for the applicable 3 years, was \$2.5 million or less.	YES <input type="checkbox"/> NO <input type="checkbox"/>
If "NO", proceed to Item 7B.	
B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 7A above.	YES <input type="checkbox"/> NO <input type="checkbox"/>
C. Signature	Date (MM-DD-YYYY)
8. Corporation For a corporation, the adjusted gross income is the total of the final taxable income and any charitable contributions reported to the IRS on Form 1120, or comparable forms. The income from farming, ranching and forestry is derived from the Schedule F, IRS form 4835 or comparable form.	
A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was \$2.5 million or less.	YES <input type="checkbox"/> NO <input type="checkbox"/>
If "NO", proceed to Item 8B.	
B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 8A above.	YES <input type="checkbox"/> NO <input type="checkbox"/>
C. Signature	Date (MM-DD-YYYY)
9. Limited Partnership (LP), Limited Liability Company (LLC), Limited Liability Partnership (LLP) or Similar Entity For an LP, LLC or LLP, the adjusted gross income is the total income from trade or business activities plus guaranteed payments to the members as reported to the IRS. The income from farming, ranching and forestry is derived from the Schedule F, IRS form 4835 or comparable form.	
A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was \$2.5 million or less.	YES <input type="checkbox"/> NO <input type="checkbox"/>
If "NO", proceed to Item 9B.	
B. The average of the amount represented to be from farming, ranching, or forestry operations as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 9A above.	YES <input type="checkbox"/> NO <input type="checkbox"/>
C. Signature	Date (MM-DD-YYYY)
10. Tax-exempt Organization For a tax-exempt organization, the adjusted gross income is the unrelated business taxable income excluding any income from non-commercial activities as reported to the IRS. The income from farming, ranching and forestry would be derived from the schedule F, or IRS form 4835 or comparable form.	
A. The average of the adjusted gross income as defined above and reported to the IRS for the applicable 3 years, was \$2.5 million or less.	YES <input type="checkbox"/> NO <input type="checkbox"/>
If "NO", proceed to Item 10B.	
B. The average of the amount represented to be from farming, ranching or forestry interests as reported to the IRS for the applicable years, was at least 75 percent of the amount used for Item 10A above.	YES <input type="checkbox"/> NO <input type="checkbox"/>
C. Signature	Date (MM-DD-YYYY)

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630 Certification of Average AGI (Continued)

*--G Example of CCC-526 for 2008 (Continued)

CCC-526 (Page 3 of 3) (06-12-08)

AVERAGE ADJUSTED GROSS INCOME

The Food, Conservation, and Energy Act of 2008 included average adjusted gross income as a payment eligibility requirement. Any individual or entity requesting certain program payments will be subject to this provision. Any individual or entity that is determined to have an average adjusted gross income, as defined, that is less than 75 percent from farming, ranching or forestry operations and that exceeds \$2.5 million will be ineligible for any covered benefit during the applicable year.

DEFINITIONS AND OTHER INFORMATION

Average Adjusted Gross Income means the average of the adjusted gross income or comparable measure of the individual or entity over the preceding 3 tax years. For instance, if 2008 program benefits are requested, the tax years for average adjusted gross income determination would be 2007, 2006 and 2005.

Entity means a corporation, joint stock company, association, limited partnership, charitable organization, or similar entity, including any such entity or organization participating in the operation as a partner in a general partnership, a participant in a joint venture, a grantor in a revocable trust, or as a participant in a similar entity, as determined by the Secretary.

The manner in which the Adjusted Gross Income can be determined for an entity can be found in the regulations at 7 CFR Part 1400.

Commensurate Reduction means that any covered benefit issued to an entity, general partnership, or joint venture shall be reduced by an amount that is commensurate with the direct or indirect ownership interest the entity, general partnership, or joint venture of each individual who does not comply with the adjusted gross revenue requirement.

Certification of Compliance means that an individual or entity shall provide either a certification by a certified public accountant that the average adjusted gross income does not exceed the requirement; or provide information and documentation regarding the adjusted gross income through other procedures established by the Secretary.

Income from farming, ranching or forestry means income derived from producing crops, livestock, or unfinished raw forestry products.

Special Rules for Certain Individual and Entities are applicable to those entities that are not required to file a tax return, and individuals and entities that did not have taxable income in one or more tax years used to determine the 3-year average. Please consult with personnel at your local FSA office or service center for more information.

EXAMPLES

Situation 1 - Joe Smith requests benefits from the Direct and Counter-Cyclical Payment Program and from a Conservation Reserve Program contract approved effective for 2008. Mr. Smith's average adjusted gross income for the three previous tax years exceeds \$2.5 million and was all from farming and livestock operations.

Determination - At least 75 percent of the average adjusted gross income was received from farming, ranching and forestry operations. Therefore, Mr. Smith complies with the adjusted gross income requirement and is eligible for the program benefits requested.

Situation 2 - Grace Jones is a share rent landowner and requests benefits from the 2008 Direct and Counter-Cyclical Payment Program on a contract with her tenant. Ms. Jones' average adjusted gross income for the years 2007, 2006, and 2005 was less than \$2.5 million and over 75 percent was from non-agricultural interests.

Determination - Less than 75 percent of the average adjusted gross income was from farming, ranching and forestry, but the amount was less than \$2.5 million. Therefore, Ms. Jones is eligible for the program benefits requested.

Situation 3 - William Davis is a share rent landowner and requests benefits from the 2008 Direct and Counter-Cyclical Payment Program on a contract with his tenant. Mr. Davis' average adjusted gross income for the years 2007, 2006, 2005 was greater than \$2.5 million and over 75 percent was from non-agricultural sources.

Determination - Less than 75 percent of the average adjusted gross income was from farming, ranching and forestry, and exceeds \$2.5 million. Therefore, Mr. Davis is ineligible for the program benefits requested.

Situation 4 - Mark Johnson is a 25 percent stockholder in Johnson Farms, Inc. Johnson Farms requests benefits from the 2008 Direct and Counter-Cyclical Payment Program. The average adjusted gross income for the years 2007, 2006, and 2005 for Johnson Farms was all from farming and ranching. The average adjusted gross income for each of the stockholders was mostly from non-agricultural sources and the amounts averaged less than \$2.5 million with the exception of Mark.

Determination - Any program benefit issued to an entity, general partnership, or joint operation shall be reduced by an amount commensurate with the direct or indirect ownership interest of an individual or entity who has an average adjusted gross income in excess of \$2.5 million mark failed to comply with AGI limitation. Therefore, Johnson Farms is eligible for the benefits requested, but reduced by the 25 percent, which represents the interest held by Mark.

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***--Section 4 Reports**

705 Overview

A Introduction

This section provides instructions for preparing the End-of-Year Review Report (PA-122R).

B In This Section

The following paragraphs are included in this section.

Paragraph	Title	Page
705	Overview	7-181
706	County Office End-of-Year Payment Limitation Review Report (PA-122R)	7-182
707	State Office End-of-Year Payment Limitation Review Report (PA-122R)	7-185

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706 County Office Action for Submitting CCC-502EYR (Report PA-122R)

A Introduction

This paragraph instructs County Offices to submit CCC-502EYR (Report PA-122R) to the State Office.

B Report Date

STC shall establish a date or dates for County Offices to submit CCC-502EYR (Report PA-122R) to the State Office for review. See paragraph 530.

C Report Format

County Offices shall use CCC-502EYR (Report PA-122R) to report end-of-year reviews to the State Office.

Note: On CCC-502EYR, item 10, “Dollar Amount”, record the total actual and projected amount of payments or benefits for which the producer is known to be ineligible as a result of the end-of-year review.

***--D Report Attachments and Enclosures**

Attach or include the following with CCC-502EYR (Report PA-122R):

- all EYR worksheets completed
- recommendations to COC
- determinations made by COC
- written notifications issued to the producers.

Note: Do not send copies of tax returns.--*

706 County Office Action for Submitting CCC-502 EYR (Report PA-122R) (Continued)

E Example of CCC-502EYR (Report PA-122R)

Following is an example of CCC-502EYR (Report PA-122R).

This form is available electronically.

CCC-502EYR (03-27-96)		U.S. Department of Agriculture Commodity Credit Corporation	
End-of-Year Report of Payment Limitation Review (Report No. PA-122R)		1. Reporting Office (Counties include State) Main County, ST	
		2. Reporting Date 2/25/08	3. Year Reported 2006
4. Report Status Progress Report <input type="checkbox"/> Revised Report <input type="checkbox"/> Negative Report <input type="checkbox"/> Final Report <input checked="" type="checkbox"/>			
Type of Selection	Number of Reviews		Number of Discrepancies Found (If any, complete Items 8, 9 & 10)
	Selected	Completed	
5. Judgmental (Required by DAFP)	15	15	0
6. Required spot check	0	0	0
7. Additional cases selected by reviewing authority	5	5	3
Explanation of Discrepancies - Attach additional sheets if needed. Insert office name on attachments.			
8. ID Number	9. Discrepancy Found	10. Action Taken	11. Dollar Amount
xxx-xx-0000	Not actively engaged in farming	Provided written notice and established receivables	\$20,000
xxx-xx-0001	Not actively engaged in farming	Provided written notice and established receivables	\$5,000
xxx-xx-0002	Not actively engaged in farming	Provided written notice and established receivables	\$5,000
12. Remarks 5 DAPP selections waived - 2 H/W only operations; 3 operations owned all land. EYR Worksheets, recommendations and supporting documentation for all reviews completed are attached as required.			
13. Signature of CED for County Report, SED for State Report		13. Date 2/25/08	

707 State Office Action for Submitting CCC-502 EYR (Report PA-122R)

A Introduction

To assess the overall effectiveness of end-of-year reviews, a report summarizing results of reviews conducted is required.

B Report Format

State Offices shall do the following.

Step	Action
1	Review County Offices' CCC-502 EYS's (Report PA-122R's).
2	Use CCC-502EYR (Report PA-122R) to summarize totals of County Offices' CCC-502EYR's (Report PA-122R's), items 4, 5, and 6.
3	Attach a copy of the County Office reports to the State Office report.
4	Send the State Offices' CCC-502 EYR (Report PA-122R) to PECD. Note: Include all EYR worksheets, recommendations, and supporting *--documentation according to subparagraph 706 D for all completed reviews.--* Negative reports are required.

C Example of CCC-502EYR (Report PA-122R)

See subparagraph 706 E for an example of CCC-502EYR (Report PA-122R).

708-799 (Reserved)

Part 8 Producers Identified as Deceased**800 Payments to Individuals Identified as Deceased Report (RPT-I-00-CM-08-1)****A Accessing the Payments to Individuals Identified as Deceased Report**

To access the Payments to Individuals Identified as Deceased Report who were direct and indirect payment recipients in FY 2008 and subsequent years, go to <http://intranet.fsa.usda.gov/dafp>, under “Payments to Individuals Identified as Deceased, Revised (Excel Files)”, click the list for the appropriate State.

B Information Arrangement in the Payments to Individuals Identified as Deceased Report

The information in the Payments to Individuals Identified as Deceased Report is arranged by the following:

- State and county code of the administrative location for the individual identified as deceased
- name as recorded in SCIMS for the individual identified as deceased
- last 4 digits of the individual’s SSN as recorded in SCIMS
- name of the deceased individual as recorded in DMF
- date of death of the deceased individual as recorded in DMF
- last 4 digits of the deceased individual’s SSN as recorded in DMF
- name of the entity associated with the deceased individual, if applicable
- program under which a FY 2008 payment was issued
- date of payment issuance
- program year associated with the payment
- payment amount.

See Exhibit 15 for an example of the Payments to Individuals Identified as Deceased Report.

800 Payments to Individuals Identified as Deceased Report (RPT-I-00-CM-08-1) (Continued)

C Individuals Identified in the Payments to Individuals Identified as Deceased Report

The individuals identified as deceased in the Payments to Individuals Identified as Deceased Report:

- received, either directly or indirectly, a program payment in FY 2008 after the recorded date of death
- may or may not be eligible for the payment received or attributed.

***--Note:** No program payments or benefits are to be issued, either directly or indirectly to any entry listed on this report until the required reviews are completed and it is determined that all eligibility requirements have been met. No exceptions are authorized.--*

***--801 Instructions for Required Reviewing and Correcting Records (Continued)**

B Instructions for Correcting Records (Continued)

IF receivables were...	THEN...
<p>established for current and/or prior years</p>	<p>CCC-1099 G does not provide producer refund information. Therefore, the action that was taken by County Office will result in CCC-1099-G being incorrect for the applicable year</p> <p>County Offices must send:</p> <ul style="list-style-type: none"> • a letter informing the producer of the following: <p>“Your taxpayer identification number has been corrected and the following applications/contracts and years were corrected: (List applicable applications/contracts and years).</p> <p>This resulted in an over/under payment(s) situation that has been resolved by this office.</p> <p>The attached Producer Transaction Statement(s) indicates the offset(s) that were used to resolve the over payment situation in current and prior years to an incorrect taxpayer identification number.</p> <p>You will be provided with a CCC-1099-G ‘Statement for Recipient of Certain Government Payments’ in January. The statement will indicate the corrections as income, but will not include the offsets made by this office.</p> <p>Retain the Producer Transaction Statement(s) for your records to report to IRS as an expense as this is your only notification of the offset.”</p> • a memorandum to FMD, FCS according to 62-FI, subparagraph 76 B requesting the taxpayer ID be corrected for payments issued under an incorrect number. Include the correct and the corrected taxpayer ID numbers. This will result in a corrected CCC-1099-G. However, financial inquiries will continue to display the incorrect ID.

--*

***--802 Codes and Identifiers**

A Reason Codes to Identify Erroneous Payments

The following is a list of codes to be used to describe the reasons for erroneous payments issued to individuals identified as deceased.

Code	Condition or Situation
20	<p>TIN error; or misidentification of actual program participant.</p> <p>Example: TIN number on a payment document was that of a deceased individual but the actual program participant and payment recipient was found not to be deceased. This includes situations in which the surviving spouse was using the deceased spouse’s TIN number to receive program payments and benefits.</p>
22	<p>Ineligible program participant.</p> <p>Example: Deceased individual did not meet the definition of a producer for program eligibility; or the deceased individual did not meet requirements to be considered “actively engaged in farming” for payment eligibility.</p>
24	<p>Invalid payment document; lack of signature authority, or invalid FSA-211.</p> <p>Example: Signature on a payment document was affixed by an individual that did not have signatory authority for the deceased individual; payment document was signed using POA that was no longer valid because of the death of the grantor.</p>
26	<p>Invalid multi-year payment document; incorrect participants.</p> <p>Example: A multi-year payment document was not updated following the death of participant to reflect the actual producer or property owner that now held an interest in the property subject to the multi-year agreement or contract.</p>
28	<p>Ineligible for other reasons; detailed explanation required.</p> <p>Example: Participant knowingly provided incorrect TIN to receive program benefits; or COC determines scheme or device was adopted by participant to receive program payments otherwise not eligible to receive.</p> <p>Include the explanation on the same line or reference the explanation as an attachment to the spreadsheet.</p>

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*--802 Codes and Identifiers (Continued)

B Reason Codes to Identify Correct Payments

The following is a list of codes to be used to describe the reasons for payments issued correctly to an individual identified as deceased.

Code	Condition or Situation
30	Eligible; payment earned by individual before death. Example: Counter-cyclical payment received by the individual identified as deceased in the year following the individual's date of death.
32	Eligible; SSN used to identify estate or trust. Example: Wife is co-grantor of a revocable trust carried under the husband's SSN. The trust is the landowner and the husband is identified as deceased. Surviving spouse has authority to sign for the trust.
34	Eligible; TIN corrected/verified. Example: Because of an error by FSA, the producer, or SSA, the individual program participant was identified by SSA as deceased. Participant was not deceased and verification of participant's TIN was obtained.
36	Eligible; death of an individual not timely reported, but updated information supports the determinations of record. Example: FSA was not timely informed of the individual's death. Updated information provided on behalf of the entity or joint operation did not change any payment eligibility and payment limitation determinations of record for the entity or joint operation.
38	Eligible for other reasons; detailed explanation required. Example: Relief granted or determined eligible and corrections made on the review of previous reports. Include the explanation on the same line or reference the explanation as an attachment to the spreadsheet.

--*

803 Review Results and Follow-up Actions**A Required Determinations**

For all FY 2008 and subsequent years' payment recipients identified in the Payments to Individuals Identified as Deceased Report, determinations are required for:

- payment eligibility according to Parts 2 and 6.5
- program eligibility for each program under which payments were received according to paragraphs 4 and 16
- verification and, if necessary, correction of the TIN recorded in SCIMS name and address according to 1-CM and other systems, such as the joint operations and entity files
- verification of direct deposit authorization according to 1-FI.

B Documentation

The review results and actions taken shall be:

- documented on the Payments to Individuals Identified as Deceased Report
- recorded in the COC minutes.

C DD Responsibilities

DD's will:

- provide technical assistance
- assist in completing Payments to Individuals Identified as Deceased Report reviews
- ensure that the appropriate actions are timely completed
- provide completed Payments to Individuals Identified as Deceased Report to the State Office.

D State Office Responsibilities

The State Office specialist assigned responsibility will:

- established a deadline for completing reviews
- assist with reviews and determinations questioned by DD
- follow-up on DD reports of improper or insufficient COC determinations
- retain completed Payments to Individuals Identified as Deceased Report.

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

Following is the report required in this handbook.

Report Control Number	Title	Reporting Period	Submission Date	Negative Report	Reference
PA-122R (CCC-502EYR)	End-of-Year Payment Limitation Review	As required	As required	Required	706, 707
RPT-I-00-CM-08-1)	Payments to Individuals Identified as Deceased Report	As required	As required	No	800, Ex. 15

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
CCC-501A	Member's Information	201	Text
CCC-501B	Designation of "Permitted Entities"	218	Text
CCC-502 Continuation	Continuation Sheet for Leased or Owned Land (Use With CCC-502A, CCC-502B, CCC-502C, CCC-502D, CCC-502EZ)	55	Text
CCC-502A	Farm Operating Plan for Payment Eligibility Review for an Individual	277	Text
CCC-502B	Farm Operating Plan for Payment Eligibility Review for a Joint Venture or General Partnership	297	Text
CCC-502C	Farm Operating Plan for Payment Eligibility Review for Corporations, Limited Partnerships or Other Similar Entities	316	Text
CCC-502D	Farm Operating Plan for Payment Eligibility Review for an Estate or Trust	335	Text
CCC-502EYR	End-of-Year Report of Payment Limitation Review (Report No. PA-122R)	706	531, 707
CCC-502EZ	Farm Operating Plan for Payment Eligibility Review for an Individual	278	Text
CCC-502U	Update for CCC-502, Farm Operating Plan for Payment Eligibility Review	55	50, 436
CCC-503A	County Committee Worksheet for "Actively Engaged in Farming" and "Person" Determinations	394	237

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-504 (Optional) ^{1/}	Worksheet to Blend Shares and Determine Percent of Cropland Factor	134, 158	
CCC-526	Payment Eligibility Average Adjusted Gross Income Certification	630	35, 50, 52, 256, 650, 662
CCC-1099-G	Report of Payments to Producers		801
CCC-1155	Application for Payment (National Wool Act)		215
CRP-1	Conservation Reserve Program Contract		17
FSA-211	Power of Attorney		215
FSA-229	Application for Trade Adjustment Assistance (TAA) for Individual Producers	Ex. 6	630
I-151 ^{1/}	Alien Registration Receipt Card		236
I-551	Permanent Resident Card/Resident Alien Card	235	236
IRS-990	Return of Organizations Exempt From Income Tax	Ex. 10	199
IRS-990-T	Exempt Organization Business Income Tax Return	Ex. 10	199
IRS-1040	U.S. Individual Income Tax Return	Ex. 10	
IRS-1040 Schedule F	Profit or Loss From Farming	Ex. 10	
IRS-1041	U.S. Income Tax Return of Estates and Trusts	Ex. 10	
IRS-1065	U.S. Return of Partnership Income	Ex. 10	
IRS-1120	U.S. Corporation Income Tax Return	Ex. 10	

^{1/} This form is obsolete.

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviation	Term	Reference
ACA	Agricultural Credit Association	257
AGI	adjusted gross income	Text
AIFLP	American Indian Livestock Feed Program	16
AMA	Agriculture Management Assistance	16, 22
CEM	combined producer	608, 625
CSP	Conservation Security Program	16
DAP	Disaster Assistance Program	16
DMF	Death Master File	800
EIN	employer identification number	333, 364
EQIP	Environmental Quality Incentive Program	16, 22
FCB	Farm Credit Bank	257, 313
FLBA	Federal Land Bank Association	257
FLM	Farm Loan Manager	52.5
FCS	Financial Services Center, FMD	801
GRP	Grassland Reserve Program	16
HIP	Hurricane Indemnity Program	16
IFM	integrated farm maintenance	158
IRA	individual retirement account	113, 363
LAP	Livestock Assistance Program	16
LIP	Landowner Incentive Program	16
LLC	limited liability companies	632
LLP	limited liability partnerships	632
LP	limited partnerships	632
MLG	marketing loan gain	16
PCA	Production Credit Association	257
POA	power of attorney	630
RCC	resource conserving crops	158
SCIMS	Service Center Information Management System	800, 801, 802
TAA	Trade Adjustment Assistance	4, 16, 22, Ex. 6
TIN	Tax ID Number	802
TIP	Tree Indemnity Program	16

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Redelegations of Authority

This table lists redelegations of authority in this handbook.

Redelegation	Reference
Administering handbook provisions	549
Making determinations decisions	396, 530
Monitoring determinations	514, 515

Review of Payments to Individuals Identified as Deceased Report (RPT-I-00-CM-08-1)

State and County Offices shall report findings and actions taken in the following format.

*--

(RPT-I-00-CM-08-1)		Payments to Individuals Identified as Deceased															
Payment		Last 4	ID Type	Producer Name (SCIMS)	Date Of Death (DMF)	Last 4	ID Type	Payee Name (N & A)	Program Code	Program Name	Payment Date	Program Year	Payment Amount	Explanation and Actions Completed	Overpayment Amount	Reason Code	
State	County																
00	zz	001	Xxxxxxx	1111	S	xxx xxxxxxxx	03-04-2006	1212	S	xxxxxxxxxxxxx	6740	DIRECT PAYMENTS	2008-02-02	2006	\$188.00		30
00	zz	003	Xxxxxxx	2222	S	xxxxx xxxxxxxx	07-24-2006	2121	S	xxxxxxxxxxxxx	3101	CONSERVATION RESERVE PROGRAM - ANNU	2007-10-11	1999	\$216.00	216.00	26
00	zz	003	Xxxxxxx	3333	S	xxxx xxxxxxxx	09-22-2006	1313	S	xxxxxx xxxxxx	6740	DIRECT PAYMENTS	2008-10-11	2006	\$325.00	325.00	24
00	zz	003	Xxxxxxx	4444	S	xxxxxx xxxxxx	09-22-2006	3131	S	xxxxxx xxxxxx	3101	CONSERVATION RESERVE PROGRAM - ANNU	2007-10-11	1999	\$412.00	412.00	26
00	zz	003	Xxxxxxx	5555	S	xx x xxxxxxxx	12-31-2004	2323	S	xx x xxxxxx	6012	PIGFORD SETTLEMENT - CCC	2007-10-05		\$3000.00		30

Explanations and actions completed include, but are **not** limited to:

- handbook procedure that was reviewed
- legal documents authenticating producer’s TIN
- other records that may have been reviewed
- date receivable established.

Notes: “Program Year” column will be **blank** for Crop Disaster Program, dishonored check, ECP, interest penalty, Livestock Compensation Program, LIP, Local Deposit Bank, National Payment Service refund, refund repayment, and settlements under *Pigford*.

“Overpayment Amount” column is the monetary amount producer is overpaid, if applicable.

“Reason Code” column is the numerical code that best describes the condition or situation.--*

