

DEPARTMENT OF SOCIAL SERVICES

OFFICE OF EARLY CHILDHOOD

P.O. BOX 1527

JEFFERSON CITY, MISSOURI

March 1, 2004

MEMORANDUM

TO: ALL REGIONAL EXECUTIVE STAFF, CIRCUIT MANAGERS, AND
LOCAL OFFICE STAFF

FROM: DEBORAH E. SCOTT, DIRECTOR
OFFICE OF EARLY CHILDHOOD

SUBJECT: IRS 1099-MISC FORMS TO CHILD CARE PROVIDERS

REFERENCE: CHILDREN'S AND FAMILY SUPPORT DIVISIONS

DISCUSSION:

Each January, the Department of Social Services sends an IRS Form 1099 to all vendors informing them of their total income for the prior tax year. These vendors include counselors, attorneys, law enforcement agencies, child care providers, and many other types of vendors.

Child care providers are considered self employed and are responsible for paying any applicable federal, state, or local taxes as well as any other costs associated with running their business.

DSS child care providers began receiving their IRS Form 1099 for tax year 2003 in January 2004. Providers receive this form because DSS made a payment to them on behalf of a family or families in 2003, regardless of the month or year child care services were rendered. This includes any backpayment a provider received for years prior to 2003.

This information is mailed to child care providers to assist them in filing their personal federal and state tax forms. State and federal taxes are not deducted from the amount shown on the 1099 form. Although some vendors are tax-exempt non-profit agencies that are not required to file a return with the Internal Revenue Service, DSS is required to send IRS-1099-Misc forms to all vendors.

Because child care IRS 1099 forms are issued from two different divisions within DSS, each division handles replacement and corrections differently. This memorandum discusses procedures for IRS-1099 forms issued by the Family Support and Children's Divisions.

PAYMENTS REPORTED ON IRS-1099 FORMS

The 1099 forms generated by FAMIS include child care payments made via FAMIS and any CSIPS child care payments marked as fund code 49 (Block Grant) on the CSIPS ZPAY screen.

Child care providers who received payment for eligible children under fund code 49 **and** fund codes other than 49 (alternative care, adoption subsidy, or other Protective Services categories) **will receive two IRS 1099 forms for tax year 2003. The separate IRS 1099 Forms will report different amounts the child care provider/facility received from each payment system (FAMIS/CSIPS).**

Providers must combine the amounts from both 1099 forms to obtain the total dollars paid to them from the Department of Social Services. (View a sample of the FAMIS generated IRS 1099 Form in Adobe Acrobat).

FAMIS REPLACEMENT 1099 FORM REQUESTS

The 1099 forms are mailed to providers' addresses, as they appear in the FAMIS Resource Directory and the Departmental Vendor System databases as of December 31, 2003.

Process for Replacing FAMIS IRS 1099 Forms

Providers, who do not receive their FAMIS generated IRS 1099 Form by January 31, 2004, may request a replacement through your office or by calling 573-751-7546.

If a request is made through your office, ask the provider to supply the following information:

- Name/Personal name or business name;
- Provider Vendor Number;
- SSN or TAX ID;
- Complete address as of December 2003, (number/street/city/state/zip code);
- Current complete address, if different from December 2003 address; and
- Current telephone number.

Staff responding to replacement requests may complete a FAMIS 1099 Replacement/Information Form (in Adobe Acrobat) and mail it to the Office of Early Childhood.

OEC Procedures for Replacing FAMIS IRS 1099 Forms

Providers are encouraged to allow sufficient time for mailing and time for the US Postal Service to return undeliverable forms to the Office of Early Childhood before requesting a replacement 1099 form. The Office of Early Childhood does not issue replacements for lost FAMIS generated 1099 forms until February 1, 2004.

Because IRS-1099 Forms are highly confidential documents, replacing a FAMIS 1099 form is considered when the following conditions are met:

1. Replacements may be sent if all of the information listed in section "Process for Replacing FAMIS IRS 1099 Forms" can be verified in FAMIS or the Common Vendor System. **Only the child care provider may request a replacement of their IRS-1099 form.**

2. Replacement forms are mailed to addresses as they appear in FAMIS Resource Directory. Replacements are not mailed to an address that differs from the system address **until the new address is verified and the system is updated.**
3. When a child care provider requests that the replacement form be mailed to a new address, the provider must submit proof of their current and prior addresses.
4. Providers who contact OEC, reporting address changes are instructed to submit proof of their new address to their local FSD office. **Address changes must be verified prior to changing it in the system.**
5. Replacement forms are not sent or faxed to the provider's spouse, attorney, accountant, or other third party, without written consent from the provider.

NOTE: OEC makes every attempt to mail replacements to providers as soon as possible. Due to the high volume of replacement requests, inform providers to anticipate their replacement 1099 form within three weeks from the date of their request.

FAMIS GENERATED IRS 1099 FORMS RETURNED TO OEC AS UNDELIVERABLE

Each year, the United States Postal Service (USPS) returns a high volume of IRS-1099 forms to OEC as undeliverable. The majority of these contain a USPS forwarding address label, giving the provider's new address. Previously, FAMIS 1099 forms returned to the Office of Early Childhood by the USPS were remailed to the provider at the new verified address.

This process is changed for 1099 forms returned to OEC this year. The returned 1099 forms will now be returned to their respective county office via Interagency mail. County offices may expect the returned 1099 forms to arrive at their offices within one week of receipt of this memorandum. When child care providers call OEC asking about a returned 1099, staff is instructing them to contact their local FSD office to pick up their FAMIS 1099 form.

COUNTY RESPONSIBILITY FOR RETURNED FAMIS 1099 FORMS

When your county receives the undeliverable 1099 form with a USPS change in address or moved left no forward label, evaluate if it is appropriate to close the current registration because of a physical move.

If it is a licensed child care facility, compare the old and new addresses in MOHSAIC and notify your local DHSS/Bureau of Child Care Licensing District office when the USPS physical address does not match the facility physical location in MOHSAIC.

Release the 1099 to the child care provider upon proof of identity. You may mail the returned form to the provider as long as the provider's address is verified (See OEC Replacement Procedures, above).

At no time should a Post Office box address be entered into the system as the provider's physical address or where care takes place. FSD/CD staff may enter a verified Post Office box or any other street address as the mailing address for contracted and registered providers.

OTHER FAMIS GENERATED IRS 1099 FORM ISSUES

When a provider calls about an:

- Incorrect dollar amount;
- Incorrect Social Security Number or Tax ID number; or
- Incorrect Name

Instruct child care providers to submit a brief statement of their 1099 issue along with proof of correct information to:

Office of Early Childhood
Attn: 1099 Corrections
P.O. Box 1527
Jefferson City, MO 65102-1527.

When this documentation is received at the local FSD offices, local staff is instructed to complete the FAMIS 1099 Replacement/Information Form (in Adobe Acrobat) and mail it with the supporting verification to the Office of Early Childhood at the above address.

No corrections are made to FAMIS 1099 IRS Forms without proof of the change from the provider. When the provider submits proof of the disputed issue, the Office of Early Childhood compares the documentation to the system information and a letter is sent to the provider informing them of the outcome.

OEC cannot resolve amount, name, or tax identification number errors by telephone.

Reminder: A provider's tax identification number may be their personal Social Security number or a Federal EIN. The Federal EIN and SSN are both nine-digit numbers. An example of a Federal EIN format is 43-1234567.

Some providers also have a Missouri Department of Revenue sales tax exempt number, which is an eight digit number (12-123456). A provider may mistakenly submit their sales tax exempt number instead of their SSN or Federal EIN. If this occurs, you must request proof of their SSN or Federal EIN as these are the only acceptable numbers for tax reporting purposes. **The state sales tax exempt number is not valid for income tax reporting purposes.**

MESSAGE TO PROVIDERS WITH FAMIS GENERATED IRS-1099 FORMS

The FAMIS generated 1099 forms contain a message page informing providers that a direct deposit option is available for receipt of their child care payment. (View a sample of the provider message in Adobe Acrobat reader.)

If a provider requests direct deposit, follow instructions outlined in IM Memorandum-#143 (2000) to enter the appropriate information in the system.

http://dssweb/dfs/manual/memos/im143_00.html

CHILDREN'S DIVISION/CHILD WELFARE IRS 1099 FORMS

Children's Division/Child Welfare sends IRS 1099 forms to providers who were paid for child care, residential treatment, counseling, and other types of contracted services. Providers that

received payment from the Legacy system for child care services (categorized as any fund code other than 49) receive a Children's Division/Child Welfare IRS 1099 form.

Please refer provider questions regarding their Children's Division/Child Welfare IRS-1099 form to 573-522-2663.

Providers may:

- Mail documentation about necessary corrections to the IRS 1099 form to:

Department of Social Services/Family Support Division
Management Services Section
Central Office Payment Unit/Child Welfare-1099 Correction
P.O. Box 88
Jefferson City, MO 65103
- Or fax documentation to the attention of Central Office Payment Unit/1099 Correction to 573-751-8949.

NECESSARY ACTION:

- Review with all appropriate FSD and CD staff.
- Establish a local process for releasing returned 1099 forms to providers as outlined in this memorandum.
- Follow instructions in IM-Memorandum #143 (2000) when processing direct deposit requests from child care providers.
- Mail **FAMIS 1099 form** replacement requests with applicable verification to the Office of Early Childhood.
- Refer Children's Division/**CHILD WELFARE 1099 form** replacement requests to 573-522-2663 or fax replacement requests to 573-751-8949.
- Instruct child care providers to submit Name, Tax Identification Number or Amount errors on **FAMIS IRS 1099 forms** to the Office Of Early Childhood.
- Instruct child care providers to submit Name, Tax Identification Number or Amount errors on **CHILD WELFARE 1099 forms** to the Management Services Central Office Payment Unit.

DES/DE