

DEPARTMENT OF SOCIAL SERVICES

CHILDREN'S DIVISION

P.O. BOX 88

JEFFERSON CITY, MISSOURI

February 23, 2005

MEMORANDUM

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

FROM: FREDRIC M. SIMMENS, DIRECTOR
CHILDREN'S DIVISION
DENISE CROSS, DIRECTOR
FAMILY SUPPORT DIVISION

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 2004 in January 2005. Providers receive this form because DSS made a payment to them on behalf of a family or families in 2004, regardless of the month or year child care services were rendered. This includes any back payment a provider received for years prior to 2004.

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 IRS-1099 forms issued by the Family Support and Children's Divisions.

PAYMENTS REPORTED ON IRS-1099 FORMS

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

Child care providers who received payment for child care subsidy eligible children under fund code 49 **and** child care subsidy payments with fund codes other than 49, alternative care, adoption subsidy, or other Protective Services categories, **will receive two IRS 1099 forms for tax year 2004. 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 Child Care 1099 Form](#) in Adobe Acrobat).

FAMIS REPLACEMENT 1099 FORM REQUESTS

The 1099 forms are mailed to the providers' addresses, as they appear in the FAMIS Resource Directory and the Departmental Vendor System databases as of December 31, 2004.

Process for Replacing FAMIS IRS 1099 Forms

Providers, who do not receive their FAMIS generated IRS 1099 Form by January 31, 2005, may request a replacement through your office or by calling 573-522-1385.

Ask the provider to supply the following information when calling your office:

- Name/Personal name or business name,
- Provider Vendor Number,
- SSN or TAX ID,
- Complete address as of December 2004, (number/street/city/state/zip code,)
- Current complete address, if different from December 2004 address,
- Current telephone number.

Staff responding to replacement requests may complete a [FAMIS 1099 Replacement/Information Form](#) (in Adobe Acrobat). Staff may:

- Mail documentation about necessary corrections to the FAMIS IRS-1099 Form to:

Children's Division
Early Childhood and Prevention Services Section
P.O. Box 88
Jefferson City, MO 65102-0088

- Or fax documentation to the attention of the Early Childhood and Prevention Services Section to 573-526-9586.

Early Childhood and Prevention Services Section Procedures for Replacing FAMIS IRS 1099 Forms

Providers are encouraged to allow sufficient mailing and time for the US Postal Service to return undeliverable forms to Central Office before requesting a replacement 1099 form.

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 information identified in “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 may be mailed to addresses as they appear in FAMIS Resource Directory. Replacements are not mailed to an address that differs from the system address.
3. When a child care provider requests that the replacement form be mailed to their new address, such as an out of state address, the provider must submit proof of their current and prior addresses.
4. Providers reporting address changes will be 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 of the provider.

NOTE: Central Office 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 CENTRAL OFFICE AS UNDELIVERABLE

Each year, the United States Postal Service (USPS) returns a high volume of IRS-1099 forms to Central Office as undeliverable. The majority of these contain an USPS forwarding address label, giving the provider’s new address.

The original FAMIS 1099 forms that are returned as undeliverable will be returned to their respective county office via interagency mail. A cover letter will accompany the mailing to each FSD office. View a [sample cover letter](#).

The Early Childhood and Prevention Services Section staff is instructing child care providers 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 an USPS change in address or moved left no forward label, evaluate the provider's registration and determine 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 for licensed providers. 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 replacement to the provider as long as the provider's address is verified (See FAMIS 1099 Form 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 the correction information to:

Children's Division
Early Childhood and Prevention Services Section
Attn: 1099 Corrections
P.O. Box 88
Jefferson City, MO 65102-0088

When proofs are received at the local FSD offices, complete the [FAMIS 1099 Replacement/Information Form](#) (in Adobe Acrobat) and submit it with the supporting documentation to the Early Childhood and Prevention Services Section.

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

Central Office staff cannot resolve amount, name, or tax identification number errors by telephone contact from the provider.

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

Some providers may also have a Missouri Department of Revenue sales tax exempt number, which is an eight digit number, such as 12-123456. A provider may mistakenly submit their sales tax exempt number instead of their SSN or EIN. If this occurs, you must request proof of their SSN or EIN immediately. Their SSN or EIN are the only acceptable numbers for income reporting purposes per IRS regulations. Do not use the Missouri sales tax exempt number as the provider's SSN or EIN. Do not force the sales tax exempt number on the DVN assignment screens by adding an additional digit to the sales tax exempt number.

MESSAGE TO PROVIDERS WITH THEIR FAMIS GENERATED IRS-1099 FORMS

The FAMIS generated 1099 forms to providers also contain a message page. The specific message with the 1099 forms informs the provider that they are responsible for their tax liability because of child care payments they received from DSS. A second message reminds the provider that FAMIS child care invoices may now be submitted via the internet. The third message reminds providers that they can have their child care payment direct deposited. (View a [sample of the provider message](#) in Adobe Acrobat reader.)

Follow instructions outlined in IM Memorandum-#143 (2000) when processing provider requests for the direct deposit option of their child care payments.

http://www.dss.mo.gov/dfs/iman/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 about 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/Children's Division
Management Services Section
Central Office Payment Unit/Child Welfare-1099 Correction
P.O. Box 88
Jefferson City, MO 65102-0088

- 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.
- Refer **FAMIS 1099 Form** replacement requests with applicable verification, either by mail or fax, to the Early Childhood and Prevention Services Section.
- 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, and/or Amount errors on their **FAMIS IRS 1099** Forms to the Early Childhood and Prevention Services Section.
- Instruct child care providers to submit Name, Tax Identification Number, and/or Amount errors on their **CHILD WELFARE IRS 1099** Forms to Management Services Central Office Payment Unit.

FS/DC/DLE/DBE

Attachments:

[Sample of the FAMIS Child Care 1099 Form Tax Year 2004](#)
[FAMIS 1099 Replacement/Information Form](#)
[Sample Cover Letter](#)
[Sample of the Provider Message](#)