

DEPARTMENT OF SOCIAL SERVICES

CHILDREN'S DIVISION

P. O. BOX 88

JEFFERSON CITY, MISSOURI

January 6, 2009

<p><u>What's Inside:</u> Child Care Provider IRS-1099 Misc Forms and Processes</p>
--

MEMORANDUM

TO: ALL REGIONAL AND COUNTY CD AND FSD STAFF

FROM: JAMES C. HARRISON, ACTING DIRECTOR,
CHILDREN'S DIVISION
JANEL R. LUCK, DIRECTOR, FAMILY SUPPORT DIVISION

SUBJECT: IRS 1099-MISC FORMS TO CHILD CARE PROVIDERS

REFERENCE: CHILDREN'S DIVISION
FAMILY SUPPORT DIVISION

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 will receive their IRS Form 1099 for tax year 2008 by January 31, 2009. Providers receive this form because DSS made a payment to them on behalf of a family or families in 2008, regardless of the month or year that child care services were rendered. This includes any back payment a provider received for years prior to 2008.

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 forms to all vendors.

Because child care IRS 1099 forms are issued from two different databases within DSS, the Children's Division handles replacement and corrections differently than the Family

Support Division. This memorandum discusses procedures for child care payments issued by the Family Support and Children's Divisions.

PAYMENTS REPORTED ON IRS-1099 FORMS

FAMIS generated IRS-1099 forms are handled by the centralized Child Care Provider Relations Unit (CCPRU).

Child Welfare IRS-1099 forms are handled by the Children's Division Payment Unit. 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 2008.**

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 <http://www.dss.mo.gov/cd/info/memos/2009/cd0901att1.pdf>)

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, 2008.

Process for Replacing FAMIS IRS 1099 Forms

Providers, who do not receive their FAMIS generated IRS 1099 Form by January 31, 2009 may request a replacement through your office or by calling 573-522-1385. 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 2008 (number/street/city/state/zip code);
- Current complete address, if different from December 2008 address; and
- Current telephone number.

Staff responding to replacement requests should complete a FAMIS 1099 Replacement/Information Form <http://www.dss.mo.gov/cd/info/memos/2009/cd0901att2.pdf> and email it to the Child Care Provider Relations Unit at cd.askccpru@dss.mo.gov.

Providers are encouraged to allow sufficient time for mailing and time for the US Postal Service to return undeliverable forms to Central Office before requesting a replacement 1099 form. Central Office does not issue replacements for lost FAMIS generated 1099 forms prior to February 1, 2009.

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

1. Replacements may be sent if all of the information listed under "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 the 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 Central Office reporting address changes are instructed to submit proof of their new address to their local DSS office for counties not covered by CCPRU. **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: 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 a USPS forwarding address label, giving the provider's new address. When returned 1099's have forward order address labels attached by the USPS, the 1099 forms will be remailed to addresses shown on the USPS label. Returned 1099's that are undeliverable and/or have no forwarding address will be logged as such and kept at Central Office until the provider contacts Central Office and submits proof of a new address.

COUNTY RESPONSIBILITY FOR RETURNED FAMIS 1099 FORMS FOR NON-CCPRU COUNTIES

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.

Release the 1099 to the child care provider upon proof of the provider's identity. You may mail the returned form to the provider at their new address as long as the provider's address is verified (See 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.

Do not change the physical address of a licensed provider without approval from Early Childhood and Prevention Services staff in Central Office.

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:

Children's Division/Early Childhood/CCPRU
Attn: 1099 Correction
P.O. Box 88
Jefferson City, MO 65103-0088

If this documentation is received at the local DSS offices, local staff is instructed to complete the FAMIS 1099 Replacement/Information Form and email it with the supporting verification to cd.askccpru@dss.mo.gov.

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, Central Office compares the documentation to the system information and a letter is sent to the provider informing them of the outcome.

Errors in income amount, name, or tax identification numbers cannot be resolved by a telephone call.

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 Missouri State Sales Tax Exempt number is not valid for federal income tax reporting purposes.**

MESSAGE TO PROVIDERS WITH FAMIS GENERATED IRS-1099 FORMS

The FAMIS generated 1099 forms contain a message page informing providers of their income reporting responsibility. [View the provider message.](#)

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 573-526-3422. Providers may mail documentation about necessary corrections to the IRS 1099 form to:

Department of Social Services
Children's Division Central Office Payment Unit
Child Welfare-1099 Correction
P.O. Box 88
Jefferson City, MO 65103

Or fax documentation to the attention of Children's Division Payment Unit to 573-522-6507.

NECESSARY ACTION:

1. Review this memorandum with all Children's Division and Family Support Division staff.
2. All questions should be cleared through normal supervisory channels and directed to:

PDS CONTACT: Lora Brown 573-526-9587 Lora.K.Brown@dss.mo.gov	PROGRAM MANAGER: Alicia Jenkins 573-751-6793 Alicia.Jenkins@dss.mo.gov
CHILD WELFARE MANUAL REVISIONS N/A	
FORMS AND INSTRUCTIONS N/A	
REFERENCE DOCUMENTS and RESOURCES Sample IRS 1099 Form FAMIS 1099 Replacement/Information Form Provider 1099 Information message	
RELATED STATUTE N/A	
ADMINISTRATIVE RULE N/A	
COUNCIL ON ACCREDITATION (COA) STANDARDS N/A	
CHILD AND FAMILY SERVICES REVIEW (CFSR) N/A	
PROTECTIVE FACTORS Parental Resilience – N/A Social Connections – N/A Knowledge of Parenting and Child Development – N/A Concrete Support in Times of Need – N/A Social and Emotional Competence of Children – N/A	
FACES REQUIREMENTS N/A	