

PROGRAM INSTRUCTION

SUA-17-PI-03

September 13, 2016

TO: Area Agency on Aging Directors

FROM: Cynthia Brammeier, Administrator, State Unit on Aging

BY: Ben Stromberg, Program Specialist and Doug Bauch, Program Manager

SUBJECT: Issuance of Form 1099-MISC

CONTENT: This Program Instruction provides clarification regarding the issuance of form 1099-MISC when providing Self Directed Care.

In instances where the Area Agency on Aging pays clients directly and the client is then responsible for finding their own service provider, neither the Area Agency on Aging nor the client are responsible for issuing a form 1099-MISC.

Per OAA Section 210 (b):

No part of the costs of any project under any title of this Act may be treated as income or benefits to any eligible individual (other than any wage or salary to such individual) for the purpose of any other program or provision of Federal or State law.

According to the 2016 Instructions for Form 1099-MISC, there are four elements that must be met in order for a form 1099-MISC to be mandated. One of those requirements is that this payment be made for services in the normal course of business. Because this involves an individual paying for a service, it would not be considered in the client's normal course of business. Another requirement is that the payments must be \$600 or greater over the calendar year. Since clients will only meet two or three of the four requirements, a form 1099-MISC is not mandated.

If you have questions, please feel free to contact Ben Stromberg at 402-471-4555; or Doug Bauch at 402-471-4797 or via email at dhhs.aging@nebraska.gov.