

Registration Requirements For Direct Payments To Representatives



Attorneys and representatives who want to get paid directly from a claimant's past-due benefits must meet several requirements. These requirements apply to:

- Attorneys who represent claimants before Social Security or the federal courts and who want to be eligible to receive direct payments; and
- Non-attorney claimant representatives participating in Social Security's Direct Payment Demonstration Project.

Important forms

There are three forms important to representatives:

- Form SSA-1699, *Request for Appointed Representative's Direct Payment Information*. Representatives the claimants appoint must complete and submit this form to receive direct payment. This is a one-time submission. If their personal, professional or business affiliation information changes, however, representatives must update the information for this form. Social Security's automated claims systems use the information in the Appointed Representative Database to issue notices and fee payments.
- Form SSA-1695, *Identifying Information for Possible Direct Payment of Authorized Fees*. To receive direct payment, representatives also must provide completed Forms SSA-1695 each time they are appointed to represent claimants. Or, if an attorney did not register when the claim was pending with Social Security, he or she must provide Form SSA-1695 each time a federal court approves a fee.
- Form SSA-1694, *Request for Business Entity Taxpayer Information*. The business entity with which the representative is affiliated should complete this form to register with Social Security. Please provide the entity name, employer identification number and address. This registration is not mandatory. Registration provides Social Security with the taxpayer information it needs to

issue Form 1099-MISC when Social Security makes payments of \$600 or more to representatives affiliated with the business entity.

Complying with law

The one-time submission of Form SSA-1699 is the first step in the two-step registration process that representatives must complete to receive direct payments in specific claims. The second step requires representatives to provide Social Security with their Social Security numbers in each instance of representation (i.e., each time the representative is appointed to represent a claimant before Social Security or a federal court approves a fee) by submitting Form SSA-1695. This form establishes a link between each claim for direct fee payment and the Appointed Representative Database. This link ensures that Social Security captures all payments to representatives and properly reports these payments on Form 1099-MISC.

Social Security uses Forms SSA-1699 and SSA-1695 to obtain information necessary to issue Forms 1099-MISC, as required by the Internal Revenue Code. In January 2010 (for calendar year 2009), Social Security may begin issuing Form 1099-MISC to each representative who receives direct fees of \$600 or more in a calendar year. Also, Social Security will issue Form 1099-MISC to the business entity with which the representative is affiliated if the entity has registered with Social Security.

Most individual representatives are affiliated with entities. In these situations, the reported payments should be counted as taxable income to the entities, instead of the representatives who received the payments. If Social Security is provided with the taxpayer information pertaining to the business entity with which the individual representative is affiliated, Social Security will issue two Forms 1099-MISC. One will go to the entity with aggregate payments reflected as taxable income. Social Security will send the other to the individual representative with aggregate payments reflected as not taxable income.

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If Social Security does not get the entity's taxpayer information through the registration process, it will report the aggregate payments as taxable income to the individual. In these situations, the individual representatives must either report the payments as income on their individual tax returns or provide a nominee Form 1099-MISC to the business entity and the Internal Revenue Service (IRS). This will avoid a probable notice from IRS indicating failure to report this income on their individual tax returns. Social Security strongly recommends that all business entities with affiliated individual representatives register as soon as possible, but no later than Dec. 31, 2009.

Why we need your Social Security number

People doing business with a federal agency must provide their taxpayer identification numbers (TINs), according to the Debt Collection and Improvement Act (DCIA). DCIA requires federal agencies that disburse money to include a TIN on each certified voucher submitted to a disbursing official. For individuals, a TIN is generally a Social Security number. This means that, when Social Security certifies for direct payment or directly pays a fee to a representative, the agency must include the representative's Social Security number on the payment voucher it submits to the Department of the Treasury.

Treasury requires that representatives provide their Social Security numbers before Social Security implements a favorable administrative determination or acts on a federal court's fee approval. This is a condition for Social Security to pay a fee or a portion of the fee directly to the representative from a claimant's past-due benefits. IRS Form W-9 has been used to obtain this information in the past. However, as allowed by IRS, Social Security developed a substitute, Form SSA-1699, to obtain the representative's Social Security number and other information needed to issue Forms 1099-MISC.

Where to find and send forms

For most representatives and business entities, it is easiest to complete and submit Form SSA-1699 and Form SSA-1694 electronically. To do so, go to "Representing Claimants" at www.socialsecurity.gov/representation. If you prefer, you can print the form there and submit the paper Form SSA-1699 to your claimant's servicing Social Security office. At the site, representatives also can print a paper version of Form SSA-1695. (Forms also are available at local Social Security offices.) Representatives should send completed forms to the claimant's servicing Social Security office.

NOTE: Do not submit these forms to a hearing office or to the Office of Appellate Operations (Appeals Council). Doing so could unnecessarily reveal taxpayer information and will delay processing, because the forms must be forwarded to the claimant's servicing Social Security office for data entry.

For more information

Find details about the registration requirements, as well as other helpful information, at "Representing Claimants" at www.socialsecurity.gov/representation. There also is a toll-free help line for Internet registration: **1-888-772-2970**.