

Effective July 1, 2025

CHIEF FINANCIAL OFFICER MEMORANDUM NO. 21

SUBJECT: INFORMATION REPORTING FOR FINES, PENALTIES, AND OTHER AMOUNTS

This memorandum provides guidance to State Agencies for the Internal Revenue Service (IRS) reporting of fines, penalties, and other amounts.

The Tax Cuts and Jobs Act of 2017 added Internal Revenue Code (I.R.C.) Section 6050X, which imposes a reporting requirement on certain government officials involved in settlements where I.R.C. Section (s.) 162(f) applies. Section 162(f)(1) disallows any deduction for amounts paid or incurred by a taxpayer, to or at the direction of a governmental entity, for violation of a law or the investigation or inquiry by such entity into the potential violation of a law. However, s. 162(f)(2) provides exceptions for amounts related to restitution, remediation, and costs incurred by a taxpayer to come into compliance with a law.

This IRS reporting requirement, effective on January 1, 2022, requires State Agencies to file information returns if the aggregate amount agreed upon either by settlement agreement, court order, or otherwise is equal to or greater than \$50,000.

Each State Agency will need to establish a process for meeting this new IRS requirement, including identifying program or regulatory functions where such agreements may occur and coordinating the reporting with the IRS and taxpayer.

Attached are applicable sections from the Internal Revenue Code.

[CFR-2022-title26-vol15-sec1-6050X-1](#)

[26 USC 6050X Information with respect to certain fines, penalties and other amounts](#)

[26 USC 162 Trade of business expenses](#)

In addition, see links to the Forms, instructions and publications for filing the 1098F
General Instructions for 1099, 1098 etc. - <https://www.irs.gov/pub/irs-pdf/i1099gi.pdf>
Form 1098 F - <https://www.irs.gov/pub/irs-pdf/f1098f.pdf>
Form 1098 F instructions - <https://www.irs.gov/pub/irs-pdf/i1098f.pdf>
Instructions for filing electronically - <https://www.irs.gov/pub/irs-pdf/p1220.pdf>

Contact the Division of Accounting and Auditing, Bureau of Financial Reporting, Statewide Financial Reporting Section at sfrs@myfloridacfo.com if you have questions or need additional information.