Source: IRS Webpage. <https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#:~:text=Section%206050X%20requires%20a%20government,of%20the%20law%20or%20the>

These frequently asked questions (FAQs) answer questions about the information reporting required under § 6050X. Section 6050X requires a government or governmental entity, including a nongovernmental entity treated as a governmental entity, to file an information return with the IRS with respect to amounts a payor is required to pay, pursuant to certain suits or agreements, with respect to the violation of the law or the investigation or inquiry into the potential violation of the law. Section 6050X also requires the government or governmental entity to furnish a written statement, which provides the same information that was provided to the IRS, to the payor.

Use tab to go to the next focusable element

[**Q1. Under what circumstances is the government or governmental entity required to file an information return with the IRS and furnish a written statement to the payor? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048383)

 A1. The government or governmental entity must file an information return with the IRS if:

* It is a party to a suit with respect to which there has been a court order (suit) or an agreement with a payor (agreement);
* On the date the suit or agreement became binding under applicable law, the suit or agreement requires the payor to pay to, or at the direction of, the government or governmental entity an aggregate amount equal to or in excess of $50,000; and
* The payment is with respect to a violation of a law, or an investigation or inquiry into the potential violation of a law (potential violation of a law).

The government or governmental entity must file the information to the IRS on Form 1098-F, Fines, Penalties and Other Amounts, and furnish a written statement to the payor that provides the same information that was provided to the IRS.

[**Q2. If, pursuant to a suit or agreement, a payor is obligated to make a payment and, later, is obligated to pay an additional amount, such as a late payment penalty or interest on that penalty, does the $50,000 threshold amount include the late payment penalty and interest on the penalty? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048381)

 A2. No. The $50,000 threshold amount does not include a late payment penalty and/or interest on the penalty the payor is subsequently required to pay. Whether the amount to be paid pursuant to the suit or agreement equals or exceeds the $50,000 amount is based only on the amounts the payor is required to pay on the date the suit or agreement becomes binding under applicable law.

[**Q3. What must the government or governmental entity file and furnish to meet the information reporting requirements under § 6050X? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048379)

 A3. To meet the requirements under § 6050X, the government or governmental entity must file Form 1098-F, Fines, Penalties, and Other Amounts with the IRS and furnish a written statement, which provides the same information that was provided to the IRS, to each payor (for example, copy of Form 1098-F).

[**Q4. When is Form 1098-F due to the IRS and the written statement due to the payor? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048376)

 A4. If the government or governmental entity files the return with the IRS on paper, the Form 1098-F is due on or before February 28 of the year following the calendar year in which the suit or agreement became binding under applicable law. If it files the return with the IRS electronically, the Form 1098-F is due on or before March 31 of that year.

The government or governmental entity must furnish the written statement to the payor on or before January 31 of the year following the calendar year in which the suit or agreement became binding under applicable law.

[**Q5. Does the reporting requirement apply to civil as well as criminal violations and potential violations of a law? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048375)

 A5. Yes.

[**Q6. Do the terms "suit or agreement" under § 6050X have the same meaning as the term "suit, agreement, or otherwise" under § 162(f)? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048374)

 A6. The term "suit or agreement" under § 6050X and the term "suit, agreement, or otherwise" under § 162(f) do not have the same meaning.

Under § 6050X, a "suit" concerns a violation of a law over which the government or government entity has authority and with respect to which there has been a court order; an "agreement" is entered with respect to a violation of a law, or potential violation of a law, over which the government or governmental entity has authority.

The term "suit, agreement, or otherwise," under § 162(f), is broader and includes, but is not limited to, suits; settlement agreements; orders; non-prosecution agreements; deferred prosecution agreements; judicial proceedings; administrative adjudications; decisions issued by officials, committees, commissions, or boards of a government or governmental entity; and any legal actions or hearings which impose a liability on the taxpayer or pursuant to which the taxpayer assumes liability.

Section 6050X requires the government or governmental entity to file an information return with respect to "amounts required to be paid as a result of the suit or agreement to which [section 162(f)(1)] applies." For example, when a government agency assesses a penalty, it must file a Form 1098-F when the payor pays the penalty or the agency enters an agreement with a payor pursuant to which the payor pays the penalty. However, the agency is not required to file a Form 1098-F when it assesses a penalty because the assessment is not a "suit… with respect to which there has been a court order" nor "an agreement" under § 6050X.

[**Q7. What is a "violation of a law" and a "potential violation of a law"? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048372)

 A7. The regulations under § 162(f) provide broad rules of general application based on the underlying principles of § 162(f). Therefore, instead of providing narrow rules with limited application regarding violations of a law and potential violations of a law, the regulations provide examples to illustrate the application of these principles to certain violations of a law and potential violations of a law.

[**Q8. What is the "aggregate amount" the payor must pay pursuant to the suit or agreement? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048371)

 A8. The "aggregate amount" the payor must pay under the suit or agreement is the payor's total payment amount including the payor's costs to provide services or to provide property. Therefore, the aggregate amount includes: (1) the amount the payor must pay for the violation, or the potential violation, of a law; (2) the amount which constitutes restitution and/or remediation; (3) the amount paid for the purpose of coming into compliance with the law; and (4) any other amounts enumerated or described in the suit or agreement.

[**Q9. Must the government or governmental entity file a Form 1098-F if the suit or agreement does not provide a dollar amount for some or all of the payor's required payments? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048370)

 A9. The government or governmental entity must file a Form 1098-F only if it reasonably expects that, under the suit or agreement, the aggregate amount the payor must pay will equal or exceed $50,000.

[**Q10. Is the government or governmental entity required to ask the payor what it paid or what it expects to pay pursuant to the suit or agreement? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048369)

A10. No.

[**Q11. Must the government or governmental entity file a Form 1098-F if it does not know whether the payor has paid some or all of the amount required to be paid under the suit or agreement? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048368)

 A11. Yes.

[**Q12. What amount must the government or governmental entity enter in Box 1? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048366)

 A12. In Box 1, the government or governmental entity must enter the aggregate amount the payor must pay pursuant to the suit or agreement if it reasonably expects that, under the suit or agreement, the aggregate amount the payor must pay will equal or exceed $50,000. If the suit or agreement does not provide a dollar amount for some or all of the aggregate payment, the government or governmental entity must enter $50,000 and enter code E, "Payment amount not identified," in box 9. (See the Instructions to Form 1098-F.)

[**Q13. What amount must the government or governmental entity enter in Box 2? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048365)

 A13. In Box 2, the government or governmental entity must enter the amount the payor must pay with respect to the violation or potential violation of a law. An amount paid with respect to the violation or potential violation of a law includes, but is not limited to, a fine or penalty. If the suit or agreement does not provide a dollar amount for some or all of this payment, the government or governmental entity must leave Box 2 blank and enter code E, "Payment amount not identified," in box 9. (See the Instructions to Form 1098-F.)

[**Q14. What amount must the government or governmental entity enter in Box 3? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048364)

 A14. In Box 3, the government or governmental entity must enter the amount the payor must pay pursuant to the suit or agreement which constitutes restitution or remediation of property. If the suit or agreement does not provide a dollar amount for some or all of the restitution or remediation payment, the government or governmental entity must leave Box 3 blank and enter code E, "Payment amount not identified," in box 9. (See the Instructions to Form 1098-F.)

[**Q15. What amount must the government or governmental entity enter in Box 4? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048362)

 A15. In Box 4, the government or governmental entity must enter the amount the payor must pay pursuant to the suit or agreement for the purpose of coming into compliance with the law. If the suit or agreement does not provide a dollar amount for some or all of the compliance payment, the government or governmental entity must leave Box 4 blank and enter code E, "Payment amount not identified," in box 9. (See the Instructions to Form 1098-F.)

[**Q16. If the suit or agreement does not use the words "restitution" or "remediation," or "come into compliance with the law," what amount does the government or governmental entity put in Box 3 and Box 4? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048361)

 A16. The requirements under § 6050X(a)(1) to report amounts paid for "restitution or remediation of property" or to come "into compliance with a law" do not require that such amounts be identified in the suit or agreement as restitution or remediation or to come into compliance with a law. Therefore, in Box 3, enter the amount required to be paid which constitutes restitution or remediation of property; in Box 4, enter the amount required to be paid for the purpose of coming into compliance with the law.

[**Q17. If, pursuant to the suit or agreement, the payor is required to make a series of payments over several years, is the government or governmental entity required to file a Form 1098-F for each year the payor makes a payment? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048360)

 A17. No.

[**Q18. How does the government or governmental entity report the multiple payments, equal to or in excess of $50,000, the payor has made or is obligated to make to satisfy the total amount to be paid pursuant to a suit or agreement? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048357)

 A18. If, pursuant to a suit or agreement, the payor is obligated to make multiple payments, equal to or in excess of $50,000, the government or governmental entity:

* Files a Form 1098-F to report the total amount to be paid and the amount to be paid as restitution (including remediation) and to be paid to come into compliance with the law; and
* Enters Code A in Box 9.

[**Q19. Must the government or governmental entity file a Form 1098-F if the total amount required to be paid under multiple suits or agreements, with respect to the same payor or payors and the same violation, or the potential violation, of a law equals or exceeds $50,000? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048355)

A19. Yes. The government or governmental entity must file a Form 1098-F if the total amount required to be paid pursuant to multiple suits or agreements with respect to the same payor or payors and the same violation or violations of a law or potential violation or violations of a law, equals or exceeds $50,000. However, the government or governmental entity must file only one Form 1098-F for the aggregate amount required to be paid as a result of these multiple suits or agreements with respect to the same payor or payors.

[**Q20. Must the government or governmental entity file a Form 1098-F if, pursuant to a suit or agreement with several individually liable payors, the aggregate amount all payors are required to pay equals or exceeds $50,000? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048349)

 A20. Yes. If, pursuant to a suit or agreement, the aggregate amount multiple individually liable payors are liable to pay equals or exceeds $50,000, the government or governmental entity must file a separate Form 1098-F for each individually liable payor to report the amount each payor is required to pay, even if the individual payor's payment liability is less than $50,000. The government or governmental entity must also furnish a written statement to each payor.

[**Q21. Must the government or governmental entity file a Form 1098-F with respect to a party who has no payment liability pursuant to a suit or agreement with several individually liable payors if the aggregate amount the individually liable payors are required to pay equals or exceeds $50,000? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048346)

 A21. No. The government or governmental entity should not file a Form 1098-F with respect to any party with no payment obligation under the suit or agreement.

[**Q22. Must the government or governmental entity file a Form 1098-F if, pursuant to a suit or agreement pertaining to several jointly and severally liable payors, the aggregate amount the payors are required to pay equals or exceeds $50,000? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048344)

 A22. Yes. If, pursuant to a suit or agreement, the aggregate amount multiple jointly and severally liable payors are liable to pay equals or exceeds $50,000, the government or governmental entity must file a Form 1098-F for each jointly and severally liable payor to report the total amount required to be paid by all of the jointly and severally liable payors. The government or governmental entity must also furnish a written statement to each jointly and severally liable payor.

[**Q23. If the suit or agreement is amended, is the government or governmental entity required to file Form 1098-F with respect to that amendment? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048342)

 A23. No.

[**Q24. How does the government or governmental entity estimate the cost the payor must pay for the violation or potential violation of a law, for remediation or restitution, or for coming into compliance with the law? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048340)

 A24. Although the government or governmental entity must determine if it reasonably expects that, under the suit or agreement, the aggregate amount the payor must pay will equal or exceed $50,000, it is not required to estimate any separate amount the payor is required to pay for the violation or potential violation of a law, for restitution or remediation, or to come into compliance with the law.

[**Q25. Who is authorized to file the Form 1098-F on behalf of the government or governmental entity? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048338)

 A25. The "appropriate official" is required to file Form 1098-F on behalf of the government or governmental entity. In general, the "appropriate official" is an officer or employee of the government or governmental entity assigned by the government or governmental entity to comply with the information reporting requirement.

[**Q26. What does the government or governmental entity do if it cannot get the tax identification number (TIN) from the payor? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048336)

 A26. The government or governmental entity must make its best effort to obtain the payor's TIN. It may request the TIN in any manner; the request should include notification that the law requires the payor to furnish a TIN and that failure to furnish a TIN may subject the payor to a penalty. However, the government or governmental entity must file the Form 1098-F even if the payor does not provide the TIN.

[**Q27. Must a government or governmental entity file a Form 1098-F with respect to non-U.S. payors? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048334)

 A27. Yes.

[**Q28. Must a government or governmental entity file a Form 1098-F with respect to tax exempt entities? (added March 2, 2023)**](https://www.irs.gov/newsroom/questions-and-answers-about-the-reporting-requirement-under-section-6050x#collapseCollapsible1677778048332)

A28. Yes.