

SUPPORTING STATEMENT
Internal Revenue Service (IRS)
Fines, Penalties, and Other Amounts
Form 1098-F
OMB Control Number 1545-2284

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

Public Law 115-97, Tax Cuts and Jobs Act of 2017 (TCJA), amended Internal Revenue Code (IRC) section 162(f) regarding allowable deductions of fines, penalties, and other amounts paid to, or at the direction of, a government or governmental entity in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law. The TCJA also added IRC section 6050X, requiring the official of any government or entity described in IRC section 162(f)(5) to file an information return with respect to certain fines, penalties, and other amounts paid. Treasury Decision (TD) 9946 contains final regulations providing guidance on IRC sections 162(f) and 6050X. Treasury Regulations section 1.6050X-1 provides guidance on the information reporting requirements of IRC section 6050X and names Form 1098-F as the return to report the information. Form 1098-F is used to report the amounts paid as required by IRC section 6050X to the IRS and provide a statement to the payer.

Treasury Decision (TD) 9946 contains final regulations providing guidance on IRC sections 162(f) and 6050X, adjusts the reporting threshold as authorized by IRC section 6050X(a)(2)(B), and adds Treasury Regulations section 1.6050X-1. Treasury Regulations section 1.6050X-1 provides guidance on the information reporting requirements of IRC section 6050X and names Form 1098-F as the return to report the information.

Form 1098-F is used to report the amounts paid as required by IRC section 6050X to the IRS and provide a statement to the payer.

2. USE OF DATA

The data will be used to ensure taxpayers appropriately claim allowable deductions pursuant to IRC section 162(f).

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

Electronic filing of Form 1098-F is currently available.

4. EFFORTS TO IDENTIFY DUPLICATION

The information obtained through this collection is unique and is not already available for use or adaptation from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

The collection of information requirement will not have a significant economic impact on a substantial number of small entities.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

A less frequent collection on federal programs would not allow the IRS to verify the correct amount of deductions allowed on the tax return, resulting in the inability of the IRS to meet its mission. It would also limit the taxpayer's right to claim the deductions provided by law.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

The IRS received no comments during the public comment period in response to the Federal Register notice (91 FR 764), dated January 8, 2026, regarding this form.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 U.S.C. 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the "Business Master file (BMF)" and a Privacy Act System of Records notice (SORN) has been issued for these systems under Treasury/IRS 22.062 - Electronic Filing Records; Treasury/IRS 24.030 - Customer Account Data Engine (CADE) Individual Master File; Treasury/IRS 24.046 - CADE Business Master File (BMF); Treasury/IRS 34.037 - Audit Trail and Security Records. The Internal Revenue Service PIAs can be found at <https://www.irs.gov/privacy-disclosure/privacy-impact-assessments-pia>.

Title 26 U.S.C. 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

IRC section 6050X requires governments and those treated as government entities per IRC section 162(f)(5) to keep records and disclose information. The IRS estimates that approximately 200 respondents will file an estimated 41,300 responses annually, with an estimated hourly burden of 33 minutes per response.

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden Hours
IRC 6050X	Form 1098-F	200	695.33	41,300	.33	22,715
Totals		200		41,300		22,715

The following regulations impose no additional burden. Please continue to assign OMB number 1545-2284 to these regulations.

1.162-21

1.6050X -1

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

This information collection will be included in the consolidated OMB submission for information returns currently being developed. IRS is working on the methodology for evaluating information return burden and cost; and will update the cost and burden estimates as part of the consolidation.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The federal government cost estimate for product development is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized startup expenses, operating and maintenance expenses, and distribution of the product that collects the information. These costs do not include any activities such as taxpayer assistance and enforcement.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables, such as complexity, number of pages, type of product, and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries, and other outlets. The result is the government cost estimate per product.

The government cost estimate for this collection is summarized in the table below.

<u>Product</u>	<u>Aggregate Cost per Product (factor applied)</u>	<u>Printing and Distribution</u>	<u>Government Cost Estimate per Product</u>
Form 1098-F	\$26,684	\$0	\$26,684
Form 1098-F Instructions	\$5,003	\$0	\$5,003
Grand Total	\$31,687	\$0	\$31,687
Table costs are based on 2024 actuals obtained from IRS Chief Financial Office and Media and Publications			

15. REASONS FOR CHANGE IN BURDEN

The IRS is submitting this request to renew the OMB approval. The IRS has updated the burden estimates to reflect the most recent filing data. This results in a burden decrease due to Agency

Estimate reflected in the table below.

	Total Approved	Change Due to New Statute	Change Due to Agency Discretion	Change Due to Adjustment in Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	41,300	0	0	-97,767	0	139,067
Annual Time Burden (Hr)	22,715	0	0	-53,772	0	76,487

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis, and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

The IRS believes that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form expires as of the expiration date. Taxpayers are not likely to be aware that the IRS intends to request renewal of the OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT

There are no exceptions to the certification statement.