

Mandated Fine Reporting Upcoming from the Internal Revenue Service

As part of the Tax Cuts and Jobs Act, local governments will be required to report fines and penalties in excess of \$600 to the Internal Revenue Service (IRS). While not yet required, the effective date of this mandate will be included in the proposed regulations that will be published in the Federal Register.

[The IRS has issued instructions on filing Form 1098-F \(available via this link\)](#). This form will be what local governments use to report eligible fines and penalties.

The IRS may adjust the dollar amount of the reporting threshold, and the final regulations may result in a change of forms or instructions. Familiarizing yourself or your staff members who will be responsible for compliance with the regulations now will allow you to be prepared to collect the appropriate information from those paying fines, such as their social security numbers and correct mailing addresses.

Local governments will be required to report to the IRS and provide a copy to the payers. There are additional reporting requirements detailed in the instructions. The reports are to be filed when the agreements are entered into, or orders are issued by the courts.

This new mandate may require changes to be made at the local level for the collection, maintenance, security and filing of the 1098-F form. While additional regulations to address issues raised regarding privacy concerns and other information, local governments will have a role to play in implementing this new process.

IML will continue to monitor the progress of this mandate through the regulatory process and send updated information as it becomes available.

As always, IML staff will continue to monitor any prospective legislative developments and aggressively advocate on behalf of our membership. Should you have any questions, please contact our Legislative Department at (217) 525-1220 or IMLLegislation@iml.org. Thank you.