



Investing in a QOF

Your responsibilities and your CPA's oversight

A Qualified Opportunity Fund (QOF) investment needs attention before funding, every tax year and before a sale or transfer. Agree with your CPA who will handle each step.

Your investment date matters

Investments through December 31, 2026 Remaining deferred gain is generally recognized for 2026, even if you keep the investment and receive no cash. Ask your CPA to calculate the tax and plan the payment.

Investments from January 1, 2027 Different rules generally bring deferred gain into income after five years, or earlier upon certain events.

Tax on the original deferred gain is separate from the potential benefit for eligible investment growth after a qualifying 10-year holding period.

What you provide and what your CPA oversees

WHEN	YOU PROVIDE OR DO	YOUR CPA OVERSEES
Before investing	Gain records, proposed investment documents and your intended funding date.	Check eligible gain, the investment deadline (generally 180 days), fund status and which contributions qualify.
When you fund	Signed subscription documents, proof of payment, investment date and the fund's EIN.	Record each investment, track tax basis and holding periods, and prepare the applicable deferral election.
Every tax year	K-1s or other tax statements, investor reports and all contribution, distribution and transfer details.	File Form 8997 when required, report fund income and losses, update basis and deferred-gain records, and review fund-status notices.
Before a change	Contact your CPA before a sale, gift, ownership transfer or redemption. Report distributions promptly.	Assess taxable gain, basis changes and effects on future benefits. Review estimated taxes and cash needed to pay them.
Before your exit	Proposed sale documents and your complete investment and tax-reporting history.	Check long-term exclusion eligibility, make required elections and calculate federal and state tax consequences.

A quiet year can still require Form 8997. It accompanies your timely income tax return, including applicable extensions. Do not assume reporting ends when the original gain is taxed.

The fund has its own duties. Its manager and tax preparer handle Form 8996 and fund-level compliance. Your CPA reviews relevant fund information for your taxes; this is not an audit of the fund unless separately agreed.

Send records through your CPA's secure portal

Include gain records, subscriptions, funding confirmations, prior Forms 8949 and 8997, current fund tax documents, and transaction or status notices.

Sources: IRS Notice 2026-40 §4 • Form 8997 instructions • Form 8996 instructions

General education, not individual tax advice. Services depend on your CPA engagement. Updated October 13, 2026.