

# Initial and Annual Statement of Qualified Opportunity Fund (QOF) Investments

▶ Go to [www.irs.gov/Form8997](http://www.irs.gov/Form8997) for instructions and the latest information.

Name	Tax identification number (see instructions)
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**Part I Total QOF investment holdings at beginning of tax year**  
 If different from last year's ending QOF investment holdings, attach explanation.

(a) Qualified Opportunity Fund (QOF) EIN	(b) Date QOF investment acquired (MM/DD/YYYY)	(c) Description of QOF investment (For example, 100 shares or 25% interest)	Deferred gain held in QOF	
			(d) Amount of short-term deferred gain remaining in QOF	(e) Amount of long-term deferred gain remaining in QOF
Enter the totals, if any, from continuation sheet . . . . . ▶				
Enter the totals from columns (d) and (e) . . . . . ▶				

**Part II Current tax year capital gains deferred by investing in QOF**

(a) Qualified Opportunity Fund (QOF) EIN	(b) Date QOF investment acquired (MM/DD/YYYY)	(c) Description of interest acquired (For example, 100 shares or 25% interest)	Deferred gain invested in QOF	
			(d) Amount of short-term deferred gain remaining in QOF	(e) Amount of long-term deferred gain remaining in QOF
Enter the totals, if any, from continuation sheet . . . . . ▶				
Enter the totals from columns (d) and (e). See instructions for reporting on Form 8949 . . . ▶				

**Part III QOF investments disposed of during current tax year**

(a) Qualified Opportunity Fund (QOF) EIN	(b) Date QOF sold or disposed (MM/DD/YYYY)	(c) Description of interest disposed (For example, 100 shares or 25% interest)	Deferred gain included due to disposition of QOF interest	
			(d) Amount of previously deferred short-term gain now included in taxable income	(e) Amount of previously deferred long-term gain now included in taxable income
Enter the totals, if any, from continuation sheet . . . . . ▶				
Enter the totals from columns (d) and (e). See instructions for reporting on Form 8949 . . ▶				

Check this box if you disposed of any investment(s) and didn't receive a Form 1099-B reporting the disposition from the qualified opportunity fund or other third party. See the Instructions for Form 8949 for reporting requirements of any gain or loss.

**Part IV Total QOF investment holdings at year end due to deferrals (see instructions)**

(a) Qualified Opportunity Fund (QOF) EIN	(b) Date QOF investment acquired (MM/DD/YYYY)	(c) Description of interest acquired (For example, 100 shares or 25% interest)	Deferred gain invested in QOF investment	
			(d) Amount of short-term deferred gain invested in QOF	(e) Amount of long-term deferred gain invested in QOF
Enter the totals, if any, from continuation sheet . . . . . ▶				
Enter the totals from columns (d) and (e) . . . . . ▶				

## General Instructions

### Future Developments

For the latest information about developments related to Form 8997 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/Form8997](http://www.irs.gov/Form8997).

### Purpose of Form

The Tax Cuts and Jobs Act (TCJA), section 13823, added section 1400Z-1 to provide for the designation of certain census tracts as qualified opportunity zones (QOZs) and added section 1400Z-2 to provide certain benefits for investments in these QOZs through investment in qualified opportunity funds (QOFs). Taxpayers that invest in QOZ property through a QOF can defer the recognition of certain gains. See *Definitions*, later.

An investor in a QOF uses Form 8997 to inform the IRS of the QOF investments and deferred gains held at the beginning and end of the current tax year, as well as any capital gains deferred by investing in a QOF and QOF investments disposed of during the current tax year. See [www.irs.gov/Newsroom/Opportunity-Zones-Frequently-Asked-Questions](http://www.irs.gov/Newsroom/Opportunity-Zones-Frequently-Asked-Questions) on IRS.gov for more information and guidance.

### Definitions

**Qualified opportunity zone (QOZ).** For a complete list of QOZs, see Notice 2018-48 and Notice 2019-42. You can find Notice 2018-48 at [IRS.gov/IRB/2018-28\\_IRB#NOT-2018-48](http://IRS.gov/IRB/2018-28_IRB#NOT-2018-48). Notice 2019-42 can be found at [IRS.gov/IRB/2019-29\\_IRB#NOT-2019-42](http://IRS.gov/IRB/2019-29_IRB#NOT-2019-42).

**Qualified opportunity fund (QOF).** A QOF is an investment vehicle organized as a corporation or a partnership for the purpose of investing in QOZ property (other than another QOF) that holds at least 90% of its assets in QOZ property. See the Instructions for Form 8996 for more information.

**Qualified opportunity fund (QOF) investment.** A QOF investment is an investment in a QOF the amount for which a section 1400Z-2(a) election is made to defer an equal amount of eligible gain. The investment interest in the QOF received by the investor must be in the form of an equity interest in the QOF, which may include preferred stock or a partnership interest with allocations. Generally, the investment in the QOF must have occurred within the 180-day period beginning on the date the gain would be recognized for federal income tax purposes if the eligible taxpayer didn't elect to defer recognition of that gain.

### Who Must File

Eligible taxpayers holding a QOF investment at any point during the tax year must file Form 8997. An eligible taxpayer is a person that is required to report the recognition of gains during the taxable year under federal income tax accounting principles. Thus, for example, eligible taxpayers may include individuals; C corporations, including regulated investment companies (RICs) and real estate investment trusts (REITs); organizations subject to tax under section 511; and partnerships, S corporations, trusts, and decedents' estates to the extent permitted by the regulations. Form 8997 must be filed with your timely filed federal tax return (including extensions).

**Instructions for the consolidated subsidiary investor corporation.** For each year a consolidated subsidiary investor corporation holds an interest in a QOF, complete and submit an original Form 8997 to the common parent corporation of the consolidated group for the consolidated subsidiary investor corporation to inform the IRS of its QOF investments and deferred gains held at the beginning and end of the current tax year, as well as any capital gains deferred and invested in a QOF and QOF investments disposed of during the current year.

**Instructions for the parent corporation filing the consolidated return.** The common parent corporation of a consolidated group must attach a separate Form 8997 to the group's consolidated income tax return for each consolidated subsidiary investor corporation each year. Each such consolidated subsidiary investor corporation completes a Form 8997 informing the IRS of its QOF investments and deferred gains held at the beginning and end of the current tax year, as well as any capital gains deferred and invested in a QOF and QOF investments disposed of during the current year.

## Specific Instructions

### Name and Address

Print or type the information in the spaces provided.

**Taxpayer identification number.** If you are an individual, enter your social security number (SSN) or your individual taxpayer identification number (ITIN). For C corporations, partnerships, S corporations, trusts, and estates, enter the employer identification number (EIN).

### Part I

Complete Part I to declare your QOF investments held at the beginning of the

current tax year; for individuals, this would generally be January 1, 2019. Complete columns (a) through (c) for each QOF investment. When reporting the amount of the deferred gain, use the appropriate column (either (d) or (e)) depending on whether the remaining deferred capital gain in the fund was a short-term or a long-term capital gain.

### Part II

Complete Part II to report your capital gains for the current tax year that were deferred by investing in a QOF. Complete columns (a) through (c) for each QOF investment. When reporting the amount of the deferred gain, use the appropriate column (either (d) or (e)) depending on whether the capital gain deferred was a short-term or a long-term capital gain.

### Part III

Complete Part III to report your QOF investments disposed of during the current tax year. Complete columns (a) through (c) for each QOF investment. When reporting the amount of the deferred gain now included, due to the disposition of the QOF investment, use the appropriate column (either (d) or (e)) depending on whether the previously deferred capital gain was a short-term or a long-term capital gain.

Check the box in Part III if you disposed of a QOF investment during the current tax year and didn't receive a Form 1099-B from the QOF or other third party reporting the disposition.

### Part IV

Complete Part IV to report your QOF investments held at the end of the current tax year due to current year capital gain deferrals and prior tax year(s) deferrals; for individuals, this would generally be December 31, 2019. Complete columns (a) through (c) for each QOF investment. When reporting the amount of the deferred gain, use the appropriate column (either (d) or (e)) depending on whether the deferred capital gain was a short-term or a long-term capital gain.

### Additional Investments

Attach and label a separate continuation sheet if the number of QOF investments to be reported on Part I, II, III, or IV exceeds the amount of lines provided. Transfer the deferred gains from the continuation sheet to the line on each part for totals from a continuation sheet and enter the amounts in the appropriate column (either (d) or (e)) depending on whether the deferred capital gain invested in the fund was a short-term or a long-term capital gain.