Institute for Portfolio Alternatives

October 26, 2026

U.S. Department of the Treasury
Internal Revenue Service
CC:PA:01:PR (REG-116506-25)
Room 5503
P.O. Box 7604, Ben Franklin Station
Washington, D.C. 20044

Re: Information Reporting Regarding Qualified Opportunity Zones and Updated Qualified Opportunity Fund Certification and Decertification Procedures (REG-116506-25)[1] *(the "Proposed Rule").*

Dear Treasury and IRS Officials:

The Institute for Portfolio Alternatives ("IPA")[2] appreciates the continued efforts of the Treasury Department ("Treasury") and the Internal Revenue Service ("IRS") to strengthen the Qualified Opportunity Zone ("OZ") program. We welcome the Proposed Rule as an important step toward a more durable and transparent program. IPA supports meaningful reporting and proposes targeted improvements to help ensure the final requirements produce useful information without unnecessarily increasing the cost or complexity of investing in underserved communities.

Congress made the OZ program permanent in 2025, with rolling five-year gain deferrals for investments made beginning in 2027. The law also added substantial reporting requirements intended to measure the program's economic impact. IPA supports the reporting and collection of reliable data on capital deployed, housing, jobs and local business activity.

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[1] Information Reporting Regarding Qualified Opportunity Zones and Updated Qualified Opportunity Fund Certification and Decertification Procedures, 91 Fed. Reg. 57,968 (Sept. 11, 2026) (the "Proposed Regulations").

[2] For more than 40 years, IPA has served as the leading voice for global asset managers, distributors and service providers in the private markets and alternative investment industry. We deliver best-in-class education for practitioners and champion policies that expand investor access to wealth-building private market strategies, including real estate, credit, infrastructure, private equity and venture capital, among other asset classes. These investments offer lower correlation to public markets, strengthen retirement outcomes and enhance portfolio diversification while operating within robust investor-protection standards. Over the past 25 years, private market and alternative investments have grown to more than $16 trillion in global assets, playing a critical role in fueling national and local economic growth.

Better information can strengthen oversight, support improvements and reinforce confidence in the program. IPA offers three recommendations for implementing these requirements:

1. Establish workable reporting deadlines and coordinated information flows.

Qualified Opportunity Funds ("QOFs") rely on information from underlying Qualified Opportunity Zone Businesses ("QOZBs"), which may use different taxable years, accounting systems and valuation methods. The proposal generally requires calendar-year QOZBs to furnish annual statements by February 1, potentially before relevant information is final. QOFs separately must furnish investor statements by March 1, or January 15 for certain broker-held interests.

IPA respectfully requests that Treasury and the IRS:

- Allow QOZBs 45 to 60 days after calendar year-end to furnish statements, with coordinated extensions where needed to better align with tax-return filing schedules, while preserving enough time for QOFs to prepare accurate returns.
- Retain March 1 for nonbroker investor statements, rather than advancing that deadline to January 15, and assess whether the separate broker deadline is workable.
- Provide examples for QOFs and QOZBs with different taxable years and reasonable procedures for correcting statements when information is finalized or revised.

2. Clarify inclusion events and investor notifications.

Under proposed § 1.6039K-1(a)(3), reportable "disposition events" include OZ "inclusion events" beyond sales, such as certain distributions, redemptions and voluntary decertification. Some generate no cash proceeds. A QOF also may lack information about an ultimate investor's tax consequences when interests are held through grantor trusts, non-grantor trusts or intermediaries. Reporting obligations should reflect facts reasonably available to the fund.

IPA asks Treasury and the IRS for examples that address distributions, restructurings, broker-held interests and voluntary decertification. The rules should also distinguish a disposition from gain recognized when a statutory deferral period expires, an important distinction as the program moves from the original recognition date (December 31, 2026) to rolling five-year deferrals.

Voluntary decertification can cause deferred gains to be recognized and eliminate the tax benefit on appreciation otherwise available after a 10-year holding period. IPA supports prompt notice but asks Treasury to permit one communication to satisfy both the 15-day notice and subsequent investor-statement requirements when all necessary information is included, with a supplement if needed.

IPA also requests prospective application of the new voluntary decertification procedures. If the final regulations are issued during 2026, the proposed applicability to taxable years ending on or after their publication could subject calendar-year QOFs that decertified earlier in 2026 to requirements that were not yet in effect. The final regulations should apply the new documentation and investor-notification procedures only to voluntary decertifications occurring on or after publication of the final rules, or provide reasonable transition relief for funds that previously acted in good faith.

3. Account for real compliance costs and support good-faith implementation.

Treasury estimates 1.25 hours for an updated Form 8996 and 1.25 hours for a QOZB statement. Those figures may understate the work required to collect, reconcile and verify property, employment, census-tract, valuation and investor data, particularly when funds do not control underlying businesses.

IPA recommends revisiting these estimates, limiting duplicative reporting and publishing final forms and instructions before the first affected reporting year begins. The rules should clarify when a QOF may rely on a signed QOZB statement, how inadvertent errors can be corrected and how confidential information will be protected. The proposal also would require QOZBs to report the expected end date of any working-capital safe harbor. Because financing, permitting and construction schedules may change, businesses should be able to explain updated, good-faith projections without that revision alone being treated as a failure to satisfy the underlying requirements.

IPA further requests clear penalty relief when a QOF exercises reasonable diligence and relies in good faith on a signed QOZB statement that later proves inaccurate through no fault of the fund. A QOF should not face penalties solely for errors in information supplied by an underlying business that it could not reasonably detect. Treasury and the IRS should clarify how the reasonable-cause standard under section 6724 applies in these circumstances and the steps a QOF should take to correct its reporting after discovering an error.

These steps would improve accountability while helping OZ funds complete housing projects, support local businesses and create jobs.

Thank you for considering IPA's comments and for the agencies' continued work to support the OZ program. Please contact Jeff Evans, IPA's director of government affairs and policy, at jevans@ipa.com with any questions.

Sincerely,



Anya Coverman
President and CEO