

20 things every *OZ* *project* has to get right

From formation to exit, under the OZ 2.0 rules. Updated October 2026.

01 Before closing

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|--------------------------|--|--------------------|
| ☐ | Confirm each project's census tract against the original designations and the 2027 designations. | Rev. Proc. 2026-14 |
| ☐ | Confirm investors' gains are eligible and invested within the 180-day window. | § 1400Z-2(a) |
| ☐ | Confirm the business's activities are not on the excluded list (golf courses, country clubs, massage parlors, hot tub or suntan facilities, racetracks or gambling facilities, liquor stores). | § 144(c)(6)(B) |
| ☐ | Document the structure: which entity holds which property, and how the fund holds the business. | § 1400Z-2(d) |
| ☐ | Complete the fund's self-certification (currently on Form 8996). | Form 8996 |

02 Deploying capital

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|--------------------------|---|-----------------------------|
| ☐ | Adopt a written working-capital plan and schedule for cash the business holds (generally up to 31 months), and track spending against it. | Treas. Reg. § 1.1400Z2(d)-1 |
| ☐ | For existing property, track additions to basis against the substantial-improvement requirement within its 30-month window (50% threshold in entirely rural zones). | § 1400Z-2(d)(2)(D) |
| ☐ | Record acquisition dates and original-use evidence for every property. | § 1400Z-2(d)(2) |

03 Every testing period

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|--------------------------|--|---|
| ☐ | Run the fund's 90% asset test on both semiannual testing dates. | § 1400Z-2(d)(1) |
| ☐ | Run the business tests: 70% tangible property, 50% gross income, 40% intangibles and the under-5% nonqualified financial property limit. | § 1397C(b); Treas. Reg. § 1.1400Z2(d)-1 |
| ☐ | Keep workpapers that show how each conclusion was reached. | |
| ☐ | Monitor asset, income and deployment data between testing dates, not just on them. | |

04 Every year

- ☐ File the fund's expanded annual return, including asset values on each testing date and information on each business it holds. § 6039K
- ☐ Have each business furnish its statement to the fund (proposed deadline: the first day of the second month after year-end). § 6039L; REG-116506-25 (proposed)
- ☐ Keep a reporting calendar with a named owner for every filing and statement. Failures carry per-day penalties. § 6726
- ☐ Capture the data the new reporting needs as the business operates: tracts, property, residential units and employees. § 6039K

05 Through the hold and at exit

- ☐ Track each investor's five-year date (gain inclusion and basis step-up under OZ 2.0) and ten-year date. § 1400Z-2(b), (c)
- ☐ Review refinancings, distributions, dispositions and business changes for compliance impact before they happen.
- ☐ For original-program projects, review the December 31, 2026 transition rules, including for property acquired after 2026. Notice 2026-40
- ☐ Maintain a complete, audit-ready compliance file through exit and wind-down.

Want a second set of eyes on your project? Speak with our team at qozbmanagement.com/contact.

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