

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



Additional Actions Are Needed to Address Qualified Opportunity Zone Fund and Investor Noncompliance

February 7, 2022

Report Number: 2022-40-018

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

HIGHLIGHTS: Additional Actions Are Needed to Address Qualified Opportunity Zone Fund and Investor Noncompliance

Final Audit Report issued on February 7, 2022

Report Number 2022-40-018

Why TIGTA Did This Audit

This audit was initiated to evaluate the IRS's processes to ensure that taxpayers that establish Qualified Opportunity Funds (QOF) meet program/reporting requirements and investors of QOFs meet annual reporting requirements. The overall objective of this review was to assess the IRS's implementation of the Opportunity Zone provision of the Tax Cuts and Jobs Act.

Impact on Taxpayers

The Tax Cuts and Jobs Act, signed into law on December 22, 2017, included the Opportunity Zone Fund provision (§ 13823). Congress included this provision to spur economic development and job creation in distressed communities throughout the United States, including U.S. territories, by providing tax benefits to investors who invest capital gains into a QOF. These benefits include deferred gains until December 31, 2026, and a step-up in basis if the taxpayer holds the investment for five or seven years. With an election, the taxpayer receives an exclusion from gross income of gains on the taxpayer's investment in the QOF when the investment disposed (*e.g.*, sold) was held for at least 10 years.

What TIGTA Found

[REDACTED]

[REDACTED]

In addition, the IRS processes and procedures did not fully identify and address annual QOF compliance reporting requirements. For example, TIGTA identified 555 (37 percent) of the 1,491 e-filed and paper-filed TY 2018 returns for which the tax return showed the IRS's receipt of a Form 8996 and the taxpayer did not file a Form 8996 in the subsequent tax year, *i.e.*, TY 2019, as required.

Finally, the IRS does not transcribe all key data fields from paper-filed Forms 8996 and 8997. The identification of reporting inaccuracies TIGTA detailed throughout the report was primarily based on our analysis of e-filed Forms 8996 and 8997.

What TIGTA Recommended

TIGTA made eight recommendations for the IRS to improve its processes and procedures for ensuring compliance with Opportunity Zone program and reporting requirements. This includes ensuring that all key data fields from Forms 8996 and 8997 are transcribed and developing guidance to involuntarily decertify as needed.

The IRS agreed with six of the eight recommendations. The IRS could not commit to developing processes and procedures to decertify until guidance to address QOFs that intentionally do not comply with program requirements have been issued. IRS management is currently working with the IRS Office of Chief Counsel on recommendations to support the development of this guidance.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

February 7, 2022

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

A handwritten signature in blue ink that reads "Michael E. McKenney".

FROM: Michael E. McKenney
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Additional Actions Are Needed to Address
Qualified Opportunity Zone Fund and Investor Noncompliance
(Audit # 202040029)

This report presents the results of our review to assess the Internal Revenue Service's (IRS) implementation of the Opportunity Zone provision of the Tax Cuts and Jobs Act.¹ Specifically, our review evaluated the IRS's processes to ensure taxpayers that establish Qualified Opportunity Funds (QOF) meet program/reporting requirements and investors in QOFs meet annual reporting requirements. This review is part of our Fiscal Year 2022 Annual Audit Plan and addresses the major management and performance challenge of *Implementing Tax Law Changes*.

Management's complete response to the draft report is included as Appendix III.

Copies of this report are also being sent to the IRS managers affected by the report recommendations. If you have any questions, please contact me or Russell P. Martin, Assistant Inspector General for Audit (Returns Processing and Account Services).

¹ Pub. L. No. 115-97, 131 Stat. 2054 (2017).

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Background

Section 13823 of the Tax Cuts and Jobs Act,¹ signed into law on December 22, 2017, added the Opportunity Zone provisions to the Internal Revenue Code (I.R.C.). A qualified opportunity zone (QOZ) is defined as any population census tract that is either a low-income community² or a contiguous tract that has been designated as a QOZ by the Department of the Treasury.³ Congress included this provision to spur economic development and job creation in distressed communities throughout the United States, including U.S. territories, by providing tax benefits to investors who invest eligible gains⁴ into a Qualified Opportunity Fund (QOF).⁵ The provision also authorized the Chief Executive Officer of each State,⁶ *i.e.*, the Governor, to nominate a limited number of population census tracts for designation as QOZs.

As an incentive to invest in QOZs, investors can receive substantial tax benefits that include:

- *Deferral of eligible gains to the earlier of disposition or December 31, 2026.* To qualify, the taxpayer must invest their deferred capital gain by investing their gain into a QOF within 180 calendar days beginning on the date of the sale or exchange giving rise to the gain.⁷ The taxpayer must report their deferred gain as taxable income when their QOF investment is sold or exchanged, or December 31, 2026 (whichever comes first).
- *A step-up in QOF investment basis for the deferred gains invested in a QOF.* This increases the basis in the investment and reduces the taxable amount of deferred gain, *i.e.*, the taxpayer does not have to pay tax on the entire gain invested in the QOF. The basis of QOF investment increases by 10 percent of the deferred gain if the taxpayer holds the investment in the QOF for at least five years. If held for at least seven years, the basis of QOF investments increases to a total of 15 percent of the deferred gain. For example, if the taxpayer has a stock that was originally purchased for \$100,000 and sold for \$190,000, the gain at the time of sale is \$90,000. If the taxpayer invests the realized gain in a QOF for at least seven years, the taxpayer's basis in the qualifying QOF investment increases by \$13,500 (15 percent of \$90,000) and thereby reduces the taxable amount of the deferred gain.
- *Exclusion from gross income of gains on the taxpayer's investment in the QOF when the taxpayer holds the investment for at least 10 years.* Investors can exclude gains from gross income through December 31, 2047. For example, if the taxpayer holds the

¹ Pub. L. No. 115-97, 131 Stat. 2054 (2017).

² A low-income community as defined in I.R.C. § 45D(e).

³ By statute, all low-income communities in Puerto Rico are deemed to be certified and designated as QOZs.

⁴ Eligible gains include both capital gains and qualified § 1231 gains, but only if the gains are 1) recognized for Federal income tax purposes before January 1, 2027, and 2) not from a transaction with a related person. In general, qualified § 1231 gains are gains reported on Form 4797, *Sales of Business Property*.

⁵ To receive these benefits, taxpayers do not invest directly in the QOZ. Instead, taxpayers must invest in a QOF, and the QOF invests in the QOZ.

⁶ State means any of the 50 States, territories of the United States, and the District of Columbia.

⁷ If the last day of the 180-day period falls on or after April 1, 2020, and before March 31, 2021, the last day of that 180-day investment is postponed to March 31, 2021.

\$90,000 investment in the QOF for over 10 years, any increase in the value of the investment can be excluded from tax.

Designating tracts as a QOZ

As stated previously, each State nominated tracts for designation as a QOZ. Nominations were required to be made by March 21, 2018.⁸ Once nominations were received, the Department of the Treasury was responsible for reviewing and selecting those tracts to be designated as a QOZ. The Internal Revenue Service (IRS) contracted with the Department of the Treasury's Community Development Financial Institutions (CDFI) Fund⁹ to complete the review process of the Opportunity Zone applications. To assist States in identifying specific tracts for nomination, the CDFI Fund compiled eligible tracts into a nomination tool that the States could use to conduct their own analysis and determine which tracts they would nominate. The States made their nominations via the CDFI portal. Once nominations were submitted, the CDFI reviewed the submitted nominations to ensure that they met program requirements. Through this process, the Secretary of the Treasury approved and designated 8,764 census tracts as a QOZ from the over 42,000 census tracts that were potentially eligible for designation as a QOZ.

Process to become a QOF

The IRS developed Form 8996, *Qualified Opportunity Fund*, to be used by a corporation or partnership to self-certify their election as a QOF by attaching the Form 8996 to their Federal income tax return, *e.g.*, Form 1120, *U.S. Corporation Income Tax Return*, or Form 1065, *U.S. Return of Partnership Income*. In addition to preparing and submitting the Form 8996, the QOF must also:

- File a Federal income tax return as a corporation or partnership.
- Be organized for the purpose of investing in QOZ property, other than through investing in another QOF.
- Hold at least 90 percent of its assets in QOZ property.¹⁰

⁸ The State could request, and receive, a 30-day extension of the nomination deadline and a 30-day extension of the consideration period.

⁹ The CDFI Fund promotes economic revitalization and community development through investment in and assistance to the CDFIs.

¹⁰ The QOF must pay a penalty for each month in which it fails to meet the requirement. Tax relief in response to the Coronavirus Disease 2019 pandemic eliminated this penalty for a tax period in which any semiannual testing date is on or between April 1, 2020, and June 30, 2021.

Additional Actions Are Needed to Address Qualified Opportunity Zone Fund and Investor Noncompliance

Figure 1 shows the certification section on Form 8996.

Figure 1: Part I of Form 8996, Qualified Opportunity Fund

Form 8996 <small>(Rev. January 2020) Department of the Treasury Internal Revenue Service</small>	Qualified Opportunity Fund ► Go to www.irs.gov/Form8996 for the latest information. ► Attach to your tax return. See instructions.	<small>OMB No. 1545-0123</small> Attachment Sequence No. 996
Name _____		Employer identification number _____
Part I General Information and Certification		
1 Type of taxpayer: <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership		
2 Is the taxpayer organized for the purpose of investing in qualified opportunity zone property (other than another qualified opportunity fund)? <input type="checkbox"/> No. STOP. Do not file this form with your tax return. <input type="checkbox"/> Yes. Go to line 3.		
3 Is this the first period the taxpayer is a Qualified Opportunity Fund? <input type="checkbox"/> Yes. By checking this box, you certify that by the end of the taxpayer's first qualified opportunity fund year, the taxpayer's organizing documents include a statement of the entity's purpose of investing in qualified opportunity zone property and a description of the trade or business(es) that the QOF is engaged in either directly or through a qualified opportunity zone business. See instructions. <input type="checkbox"/> No.		
4 If you checked "Yes" on line 3, list the first month in which the fund chooses to be a Qualified Opportunity Fund ► _____		
5 Did any investor dispose of, in part or in whole, their equity interest in the fund? <input type="checkbox"/> Yes. Attach a statement with each investor's name, the date of disposal, and the interest that they transferred during the QOF's tax year. <input type="checkbox"/> No.		

Source: Form 8996, January 2020.

Beginning in Tax Year (TY) 2019, Form 8996 is also used to provide an accounting of the QOF's investments for the tax year, *i.e.*, the filer includes QOZ property owned by the entity, including stock or partnership interests in QOZ businesses and any QOZ business property. When the IRS processes the corporate or partnership tax return with an attached Form 8996, it places an indicator on the associated taxpayer's account to identify that the taxpayer filed a Form 8996 with their return. Finally, in addition to filing the initial Form 8996, the QOF is required to file Form 8996 annually to certify that the QOF continues to meet the investment standard or to calculate and report a penalty if it fails to meet the 90 percent investment standard.

Process for tracking investments in a QOF

The IRS developed Form 8997, *Initial and Annual Statement of Qualified Opportunity Fund (QOF) Investments*, to be used by investors. Beginning with TY 2019, investors used Form 8997 to report their investments into a QOF. Form 8997 is attached to the investor's income tax return, *e.g.*, Form 1040, *U.S. Individual Income Tax Return*, for individual investors¹¹ and provides for an accounting of the taxpayer investments in QOFs for the tax year, *i.e.*, beginning investments, investments made during the tax year, investment sales, and ending investments. When reporting investments, taxpayers are required to include the Employer Identification Number (EIN)¹² of the QOF, dates of their investment, and their deferred capital gain amounts. When the IRS processes the investor tax returns with an attached Form 8997, similar to the processing of Form 8996, it places an indicator on the taxpayer's account to identify that the taxpayer filed a Form 8997 with their return.

Finally, in addition to filing the initial Form 8997, the investor is required to file Form 8997 annually to report any qualified QOF investments held during the tax year. Figure 2 provides a summary of investor filing requirements relative to QOF investments.

¹¹ Investors in the QOF can be individuals or businesses.

¹² An EIN is a unique, nine-digit number used to identify a taxpayer's business account.

Figure 2: Investor Filing Requirements

For TY 2018

- Form 8949, *Sales and Other Dispositions of Capital Assets*, showing the deferred capital gain invested into the QOF. Capital gains can result from transactions reported on the following forms:
 - Form 6252, *Installment Sale Income*
 - Form 4797, *Sales of Business Property*
 - Form 4684, *Casualties and Thefts*
 - Form 6781, *Gains and Losses From Section 1256 Contracts and Straddles*
 - Form 8824, *Like-Kind Exchanges*
- Schedule D, *Capital Gains and Losses*.
- Income tax return for eligible taxpayers, which may include the following:
 - Form 1040, *U.S. Individual Income Tax Return*
 - Form 1120, *U.S. Corporation Income Tax Return*
 - Form 1120-RIC, *U.S. Income Tax Return for Regulated Investment Companies*
 - Form 1120-REIT, *U.S. Income Tax Return for Real Estate Investment Trusts*
 - Form 1065, *U.S. Return of Partnership Income*
 - Form 1120-S, *U.S. Income Tax Return for an S Corporation*
 - Form 1041, *U.S. Income Tax Return for Estates and Trusts*

For TY 2019

- Form 8997 used to report both the initial investment and any dispositions made during the year.
- Form 8949, including the associated forms noted previously.
- Schedule D.
- Income tax return for eligible taxpayers, as listed previously.

Source: Treasury Inspector General for Tax Administration (TIGTA) analysis of tax forms and publications from IRS.gov.

As of December 31, 2020, our analysis of IRS tax records identified:

- 6,198 taxpayers filing Forms 8996 for TY 2019, self-certifying as a QOF, and reporting total QOZ assets (property) of almost \$24.5 billion and total assets of almost \$26.9 billion.¹³
- 16,509 individual and business taxpayers filing Forms 8997 reporting the deferral of capital gains totaling almost \$22.4 billion in assets for investments into QOFs for TY 2019.¹⁴

Results of Review

The IRS took a number of actions to implement QOZ tax provisions. These include:

- Contracting with the Department of the Treasury's CDFI Fund to assist in reviewing Opportunity Zone applications.
- Developing Forms 8996 and 8997 to obtain an accounting of the QOF's investments as well as taxpayer investments in QOFs.

¹³ This includes 394 taxpayers that filed Form 8996 reporting no assets but does not include investors that reported TY 2019 investments of almost \$6.4 billion associated with 2,724 EINs that were not a self-certified QOF, *i.e.*, did not file a Form 8996.

¹⁴ Our analysis does not include Forms 990-T, *Exempt Organization Business Income Tax Return*. Errors in the coding of Form 990-T resulted in erroneously identifying returns as having deferred gains in QOFs when they did not.

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- Developing codes for Form 8949 used to identify and track deferred gains invested into a QOF as well as sales or dispositions of QOF investments.
- Developing tax account codes used to identify tax returns of QOFs and investors at the time tax returns are processed.
- Continuing to develop a compliance plan that outlines the IRS's anticipated efforts to ensure that taxpayers adhere to Opportunity Zone requirements. This plan has yet to be finalized and approved.

However, our review identified that the IRS has not established processes and procedures to identify all inaccuracies and inconsistencies in the information reported by QOFs and investors or to identify and address QOFs and investors that do not comply with annual reporting requirements.

Finally, we identified that not all key data needed to identify potential noncompliance with program and reporting requirements is not transcribed from paper-filed Forms 8996 and 8997. Without this information, the IRS cannot [REDACTED]

[REDACTED]. For TY 2019, 860 (13.9 percent) of the 6,198 Forms 8996 processed as of December 31, 2020, were paper filed, while 616 (3.6 percent) of 17,125 Forms 8997 for the same time frame were paper filed.

Additional Actions Are Needed to Address Qualified Opportunity Fund Noncompliance With Program Requirements

The IRS did not have processes or procedures to fully identify and address QOFs that do not meet key program requirements or that report potentially false information. For example, our review of 5,319 TY 2019 electronically filed (e-filed) returns with a Form 8996 filed January 1 through December 31, 2020, identified:

- [REDACTED]

Instructions for Form 8996 (Rev. January 2020) require the QOF to provide [REDACTED]

- ***QOFs reporting investments into other QOFs.*** Our review identified 341 (6.4 percent) tax returns for which the taxpayers reported investments totaling more than \$1.3 billion in another QOF. This includes 108 QOFs that reported investments totaling almost \$585 million to itself.

I.R.C. § 1400Z-2(d)(1) states that the term QOF "*means any investment vehicle which is organized as a corporation or a partnership for the purpose of investing in qualified opportunity zone property (other than another qualified opportunity fund)...*".

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Management stated that a QOF may invest in another QOF but that investment is not considered QOZ property and counts against the QOF in the 90 percent investment standard.

- ***QOFs reporting potentially inaccurate investment information.*** Our review identified 1,530 tax returns (28.8 percent) with an error in the [REDACTED]

[REDACTED]

[REDACTED]

Figure 3: *****2*****

[REDACTED]

[REDACTED]

[REDACTED]

This type of reporting error affects the IRS's ability to accurately ensure that [REDACTED]

[REDACTED].¹⁵ Outside of the period of relief, *i.e.*, prior to the relief period or after, when the QOF fails the 90 percent test during the tax year, it is required to pay a penalty for each month in which it fails to meet the requirement equal to the amount of its investment shortfall multiplied by the underpayment rate.¹⁶ The penalty is equal to the excess of 1) the amount equal to 90 percent of its aggregate assets, over 2) the aggregate amount of QOZ property held by the fund, multiplied by 3) the underpayment rate for the month.

When we discussed these concerns with IRS management, they noted that, as part of their post-compliance examination efforts, they planned to identify and address Forms 8996 for

¹⁵ [REDACTED]

¹⁶ I.R.C. § 6621(a)(2), *Determination of rate of interest, Underpayment rate*, which is currently 3 percent for underpayments and 5 percent for large corporate underpayments as of August 2021.

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which the filer either did not provide a [REDACTED]

However, management noted they are limited in their authority [REDACTED]

As it relates to QOFs that report investing in other QOFs, IRS management stated that the investments in other QOFs would not be included as QOZ property. However, due to tax relief in response to the Coronavirus Disease 2019 pandemic, this penalty is not applicable for TYs 2020 and 2021.¹⁷

IRS management provided us with a proposal for a compliance initiative project to review TY 2019 Forms 8996 and ensure that taxpayers that properly self-certified as a QOF are meeting the statutory requirements. The project would use the tax returns that we identified during our audit as being potentially noncompliant. The authorization was submitted to IRS management for review and approval on or around June 30, 2021. However, as of September 21, 2021, it has yet to be approved.

Management Action: Subsequent to meeting with IRS management to discuss a preliminary draft of our report, they updated their draft Opportunity Zone Compliance Plan (dated November 2, 2021) to include post-filing processes to identify and address QOFs with invalid [REDACTED] the investment standard.

The Commissioner, Small Business/Self-Employed (SB/SE) Division, should:

Recommendation 1: Work with the IRS Office of Chief Counsel, in consultation with the Department of the Treasury Office of Tax Policy, to develop guidance for QOFs that intentionally do not comply with program requirements.

Management's Response: The IRS agreed with this recommendation and has provided its Office of Chief Counsel recommendations to support the development of guidance to address QOFs that intentionally do not comply with program requirements. IRS management also plans to host a follow-up meeting with the Office of Chief Counsel to resolve any questions related to the recommendations provided.

Recommendation 2: Develop processes and procedures to decertify QOFs that intentionally do not comply with program requirements.

Management's Response: The IRS disagreed with this recommendation. IRS management stated that they cannot commit to developing processes and procedures until guidance is developed and issued.

Office of Audit Comment: IRS management should continue work with the Office of Chief Counsel for the development of guidance and, once developed, identify processes and procedures to decertify QOFs that intentionally do not comply with program requirements.

¹⁷ Relief was provided for a tax period in which any semiannual testing date is on or between April 1, 2020, and June 30, 2021.

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Recommendation 3: As part of the compliance initiative project, review the 699 QOFs that we identified with an invalid or [REDACTED] number on TY 2019 tax returns and take appropriate actions to address noncompliance with QOF fund certification requirements.

Management's Response: The IRS agreed with this recommendation and plans to develop and issue a notice to the 699 QOFs identified by TIGTA.

Recommendation 4: Review the 341 QOFs that reported investments in another QOF or their own EIN on TY 2019 tax returns and address QOFs that include these investments in their total QOZ property when calculating their investment standard (Form 8996, Part II).

Management's Response: The IRS agreed with this recommendation and plans to develop and issue a notice to the 341 QOFs identified by TIGTA.

Additional Actions Are Needed to Identify and Address the Inaccurate and Incomplete Investor Reporting

Processes and procedures had not been established to identify all significant investor reporting inaccuracies. Our analysis identified investors that either did not file or accurately file Form 8997. For example, our review identified:

- [REDACTED] totaling almost \$2.1 billion. Regulations require annual reporting of QOF investments of deferred gains held during the taxable year. The IRS developed Form 8997 for QOF investors to report this information. As described in Regulation § 1.1400Z2 (a)-1:

An eligible taxpayer must report whether the gains that have been deferred remain deferred at the end of each taxable year, including the year of deferral...A failure to make this report for any given taxable year will result in a rebuttable presumption that the taxpayer has had an inclusion event... during that year. The presumption...may be rebutted by the taxpayer making the report...or by the taxpayer establishing to the satisfaction of the Commissioner that an inclusion event...did not occur during that taxable year.

- [REDACTED]

The types of obvious and blatant inaccuracies in reporting we identified will affect the IRS's ability to accurately [REDACTED]. As detailed earlier in the report, investors that hold investments in the QOF for at least 10 years are eligible to elect an increase in basis of the QOF investment equal to its fair market value on the date they sell or

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exchange the QOF investment, *i.e.*, any increase in the value of the investment can be excluded from tax. In addition, the basis of the QOF investment increases to 15 percent of the deferred gain when the taxpayer holds the QOF investment for at least seven years. However, investors can only defer gains to the tax year that includes the earlier of the date on which such investment is sold or exchanged or December 31, 2026.

To assist the IRS in ensuring annual compliance with investments in QOFs and tracking these investments for 10 years or until sold, the IRS developed:

- Form 8997 that is intended to account for taxpayer deferred gains invested in QOFs during the tax year, *i.e.*, beginning investments, investments made during the tax year, investments disposed, and ending investments, beginning in TY 2019. When reporting these investments, taxpayers include the EIN of the QOF, dates of investment, acquisition and/or disposition, and deferral amounts. When the IRS processes investor tax returns with an attached Form 8997, it will place an indicator on the taxpayer's account to identify that the taxpayer filed a Form 8997 with their return. [REDACTED]. In addition, previously deferred gains become taxable when investors do not file annually to report remaining deferred gains.
- Specific codes for its existing Form 8949 to show deferred gains invested into a QOF as well as the recognition of previously deferred gains on sales or dispositions of QOF investments. For example, when the taxpayer reports a deferred gain, they will include a Z code on Form 8949 and report the deferral on Form 8997. This results in a specific transaction code being added to the taxpayer's tax account. When taxpayers sells a QOF investment of deferred gains, they self-report the taxable event with a Y code on Form 8949.

To ensure compliance with the deferral provisions, the IRS needs to identify and track capital gains that have been deferred and carried over from year to year, any sale of QOF investments to ensure that the gain is recognized as income, or deferred gains remaining as of December 31, 2026, for inclusion in income for each investor.

When we brought our concerns to IRS management's attention, they noted that, in the year a return claims a deferred gain, there is an associated return processing code on the taxpayer's account. The IRS can use this code to review subsequent year filings and verify that the annual filing requirement was met. However, this is currently not an automated process. IRS management indicated that they planned to update the compliance plan to compare Form 8997

[REDACTED]

Finally, management noted that a systemic cross match of [REDACTED]. However, such a match would identify a population of potential noncompliance for which the IRS could focus the use of its

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limited resources for compliance action. However, subsequent to meeting with IRS management to discuss this deficiency, management provided a proposal to open a compliance initiative project to determine if taxpayers that claimed [REDACTED].

Management Action: Subsequent to meeting with IRS management to discuss a preliminary draft of our report, they updated their draft Opportunity Zone Compliance Plan (dated November 2, 2021) to include post-filing processes to identify and address taxpayers that do not [REDACTED].

The Taxpayer Identification Number (TIN) was not required to be provided by QOFs related to investor dispositions

QOFs were not required to provide the TIN of investors that dispose of their equity interests in a QOF. QOFs are required to include with their filing of Forms 8996 a statement that details the investor's name, date of disposition, and the interest that they transferred during that QOF's tax year when an investor of a QOF disposes of their equity interest. This statement is then to be used to ensure that the investor reported their disposition on their tax return, *i.e.*, Form 8949. However, the IRS did not require the single most important piece of information to perform a crosscheck to ensure reporting compliance, namely the investor's TIN.

When we asked management why they requested the name of the investor be provided but not the TIN, management stated that requiring the TIN would be a duplication, because the Form 1099-B, *Proceeds From Broker and Barter Exchange Transactions*, already contains the TIN. However, most of the information requested to be provided on the disposition statement is also provided on the Form 1099-B, with the exception of the most important information, the TIN.

In addition, management noted that the taxpayer's name is sufficient to verify the taxpayer reported their investments on their return properly in almost all cases. We analyzed TY 2019 Forms 1099-B to identify how many investors shared a similar name. Our review found 2,475 names were shared by 100 or more individuals who received a Form 1099-B. Further review of the 50 most common names found third-party payers issued 810,674 Forms 1099-B to 30,563 individuals with one of the 50 names.

Management Action: Subsequent to meeting with IRS management to discuss a preliminary draft of our report, they updated the draft instructions for TY 2021 Form 8996 (dated November 2, 2021) to include the requirement that QOFs provide the TIN of investors that dispose of their equity interests.

The Commissioner, SB/SE Division, should:

Recommendation 5: As part of the compliance initiative project, review the 5,141 investor returns for which the investor reported [REDACTED] and address any ineligible deferred capital gains.

Management's Response: The IRS agreed with this recommendation and plans to develop and issue a notice to the 5,141 investors identified by TIGTA.

Additional Actions Are Needed to Ensure Qualified Opportunity Fund Compliance With Reporting Requirements

Processes and procedures had not been developed to fully identify and address QOF compliance with reporting requirements. For example, our review identified 555 (37 percent) of the 1,491 e-filed and paper-filed TY 2018 returns for which the tax return showed the IRS's

[REDACTED]. Regulations require a QOF to self-certify on an annual basis that it satisfies the investment standard.¹⁸ Form 8996 is used to self-certify as a QOF and annually report that the QOF meets the investment standard or to calculate a penalty if it fails to meet the investment standard.

Management Action: Subsequent to meeting with IRS management to discuss a preliminary draft of our report, they updated their draft Opportunity Zone Compliance Plan (dated November 2, 2021) to include steps to identify and address QOFs that do not meet their annual Form 8996 filing requirements.

A process is needed to identify and track erroneous QOF tax account indicators

Our review identified that the IRS is erroneously adding indicators on some tax accounts, although the business did not self-certify as a QOF. For example, our review of TY 2019 paper tax return filings from January 1 through December 31, 2020, identified 849 (98.7 percent) of 860 paper-filed returns for which the IRS erroneously set a QOF indicator on the filers' tax accounts. Our review of a statistically valid sample of 49¹⁹ returns identified:

- [REDACTED] that included a Form 8996 for which the taxpayer either marked "No" or did not mark either "Yes" or "No" on Line 2. See Figure 1 which shows where Line 2 asks the filer, "*Is the taxpayer organized for the purpose of investing in qualified opportunity zone property (other than another qualified opportunity fund)?*"

¹⁸ 26 C.F.R. Part 1 [TD 9889] RIN 1545-BP04, *Investing in Qualified Opportunity Funds*, Final Regulation § 1.1400Z2(d)-1(a)(1).

¹⁹ We selected our sample from 439 TY 2019 paper returns filed between January 1, 2020, and August 6, 2020, that contained an indicator that a Form 8996 was attached. Our sample was selected using a 90 percent confidence interval, a 10 percent error rate, and a ± 7.5 percent precision factor. We did not project the results as we analyzed the entire population as of December 31, 2020.

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- [REDACTED] for which no Form 8996 was attached, but the taxpayer erroneously received the indicator.
- [REDACTED] that included a completed Form 8996; however, the IRS did not transcribe information from the Form 8996 to the taxpayer's account.

Our identification of this error is similar to what the IRS identified as part of its own compliance review. The IRS reported reviewing 1,364 Forms 8996 filed during TY 2018 and, as of June 29, 2021, it identified 391 taxpayers that submitted Forms 8996 that were incomplete or the information included was inconsistent. For example, the taxpayer attached a blank or an incomplete Form 8996 or did not complete the Investment Standard Calculation. The IRS sent Letter 6250, *No Certification as Qualified Opportunity Fund (QOF)*, to these taxpayers instructing them to file an amended return or an administrative adjustment request to meet the annual requirement to self-certify as a QOF. Based on the results of the review, the IRS determined that in some cases technical issues with tax preparation software led to missing EINs and blank investment dates.

The IRS added indicators to the tax accounts we identified because IRS Code and Edit function²⁰ guidelines state to edit the indicator if the Form 8996 is attached. The instructions do not state that the Code and Edit employee should only add this code if Line 2 of the Form 8996 is marked "Yes" (see Figure 1 for an example of Line 2 on Form 8996). IRS management indicated that they cannot capture taxpayer intention, *e.g.*, why the taxpayer submits the Form 8996 indicating that they are not a QOF, and as such, they want the guidance to be more inclusive for situations in which the taxpayer's intent is not clear. We believe the taxpayer's intention is clear as Form 8996, Line 2, states "No. STOP. Do not file this form with your tax return."

Management Action: Subsequent to meeting with IRS management to discuss a preliminary draft of our report, they updated their draft Opportunity Zone Compliance Plan (dated November 2, 2021) to include a process for identifying and tracking erroneous QOF indicator codes. This process requires [REDACTED], which has not yet been implemented.

The Commissioner, SB/SE Division, should:

Recommendation 6: Until the [REDACTED] are implemented, develop interim processes and procedures to identify and track accounts identified with erroneous QOF indicator codes.

Management's Response: The IRS disagreed with this recommendation. IRS management stated that these codes are not erroneous, as they are correctly applied when a Form 8996 is filed, regardless of what information is contained on the form. The IRS also worked previously with software vendors to substantially resolve the issue identified by TIGTA. For the few instances remaining, management developed processes and procedures to identify and track accounts with certain indicator codes that may not be a QOF. Therefore, additional processes and procedures are not necessary.

²⁰ The IRS Code and Edit function is responsible for preparing paper returns for processing by reviewing and editing the documents with specialized processing codes.

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Office of Audit Comment: We believe that the development of processes and procedures to identify and track accounts for which the taxpayer filed a Form 8996 but are not QOFs (*i.e.*, erroneous) will address our concerns.

Additional Key Data Fields to Identify Qualified Opportunity Fund and Investor Noncompliance Are Needed

Our review identified that additional key data fields are needed to be transcribed from paper-filed Forms 8996 and 8997 to enable the IRS to ensure QOF and investor compliance with QOF participation requirements. As discussed previously, 860 (13.9 percent) of the 6,198 Forms 8996 for TY 2019 were paper-filed, and 616 (3.6 percent) of the 17,125 Forms 8997 for TY 2019 were paper-filed as of December 31, 2020. The identification of reporting inaccuracies we detailed

[REDACTED]

- [REDACTED]
- [REDACTED]

Employees responsible for transcribing data at the IRS's Tax Processing Centers manually type the applicable information from lines selected for transcription into IRS computer systems. However, only certain lines, *i.e.*, transcription or computed transcription lines, identified by the IRS for compliance are electronically recorded.

*****2*****
*****2*****

[REDACTED]

- [REDACTED]
- [REDACTED]

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[REDACTED]

- [REDACTED]

the highest priority. The information that would be obtained through transcription would not be used for TY 2021 due to Coronavirus Disease 2019 relief provided. Figure 4 provides a summary of the transcription requests for Forms 8996 and 8997 for TYs 2018 through 2021.

Figure 4: Transcription Requests for Forms 8996 and 8997 for TYs 2018 Through 2021

TY	Description of Transcription Requests	
	Form 8996	Form 8997
2018	No data fields transcribed.	No data obtained from Form 8997 as the form was not developed for TY 2018.
2019	Obtained fields related from [REDACTED] were not in extensible markup language (XML) format until January 12, 2020. As a result, the SB/SE Division did not include [REDACTED] as part of the transcription request for TY 2020.	[REDACTED] The IRS stated that the final regulations, which contain the requirement for annual reporting by QOF investors on Form 8997, were not published in the Federal Register until January 13, 2020, which had an effective date of March 13, 2020. While Form 8997 was available in XML (e.g., available for e-filing) for TY 2019, the SB/SE Division did not expect the Form 8997 to be in XML until TY 2020/PY 2021.
2020	[REDACTED] as part of the transcription request for TY 2020.	The SB/SE Division requested [REDACTED]; however, the request was denied on February 6, 2020, because the requirements were due to the Information Technology organization for transcription on October 31, 2019, for inclusion in the TY 2020/PY 2021 programing.

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TY	Description of Transcription Requests	
	Form 8996	Form 8997
2021	<p>IRS SB/SE Division requested [REDACTED]. The SB/SE Division rated the request priority as High, knowing that it took a rating of “highest of the high” to be considered for implementation.</p> <p>Requested [REDACTED].</p>	<p>The SB/SE Division requested [REDACTED].</p>

Source: TIGTA analysis of IRS transcription requests.

The Deputy Commissioner for Services and Enforcement should:

Recommendation 7: Ensure that additional key data fields from [REDACTED].

Management’s Response: The IRS agreed with this recommendation and has previously submitted requests for the transcription of this and other information. IRS management also plans to continue submitting these requests annually, including the most recent Tax Year 2022 submission.

Recommendation 8: Ensure that additional key data fields from [REDACTED].

Management’s Response: The IRS agreed with this recommendation and has previously submitted requests for the transcription of this and other information. IRS management also plans to continue submitting these requests annually, including the most recent Tax Year 2022 submission.

Appendix I

Detailed Objective, Scope, and Methodology

Our overall objective was to assess the IRS's implementation of the Opportunity Zone provision of the Tax Cuts and Jobs Act. To accomplish our objective, we:

- Evaluated the processes in place to identify QOFs that had missing or invalid information.
- Assessed the effectiveness of return processing codes related to QOFs.
- Review of statistically valid sample of 49 TY 2019 paper returns filed between January 1, 2020, and August 6, 2020, that contained an indicator that a Form 8996 was attached. Our sample was selected using a 90 percent confidence interval, a 10 percent error rate, and a ± 7.5 percent precision factor. We used a statistically valid sample in the event that we needed to project the results; however, we analyzed the entire population as of December 31, 2020, and chose not to project the results of the sample.
- Evaluated the processes in place to ensure that investors met their reporting requirements.
- Reviewed the processes in place to ensure that investors reported complete and accurate information related to their deferred gains.
- Reviewed the reconciliation processes used to identify reporting discrepancies.

Performance of This Review

This review was performed with information obtained from the SB/SE Division's Examination Legislation Program Coordination Office during the period August 2020 through June 2021. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major contributors to the report were Russell P. Martin, Assistant Inspector General for Audit (Returns Processing and Account Services); Diana M. Tengesdal, Director; Darryl J. Roth, Audit Manager; Benjamin D. Meeks, Lead Auditor; Christopher W. Harding, Auditor; Aaron B. Skaggs, Auditor; James M. Allen, Information Technology Specialist; Hong Cao, Information Technology Specialist; Ismael M. Hernandez, Information Technology Specialist; and Theodore C. Logothetti, Information Technology Specialist.

Validity and Reliability of Data From Computer-Based Systems

We performed tests to assess the reliability of data from the Individual Return Transaction File, the Business Return Transaction File, the Individual Master File, the Business Master File, and the Modernized Tax Return Database. We evaluated the data by 1) selecting random samples and reviewing them against existing information about the data, 2) reviewing data ranges to ensure that our data contained only valid fields, and 3) having our data extract team perform their own

validations prior to delivering data. We determined that the data were sufficiently reliable for purposes of this report.

Internal Controls Methodology

Internal controls relate to management's plans, methods, and procedures used to meet their mission, goals, and objectives. Internal controls include the processes and procedures for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance. We determined that the following internal controls were relevant to our audit objective: processes to ensure that QOFs and investors comply with basic requirements associated with Opportunity Zone legislation. We evaluated these controls by reviewing IRS processes, conducting various meetings with the IRS, and evaluating tax returns that were associated with QOFs and investors in QOFs.

Appendix II

Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. These benefits will be incorporated into our Semiannual Report to Congress.

Type and Value of Outcome Measure:

- Reliability of Information – Potential; 699 TY 2019 e-filed returns with a Form 8996 filed containing [REDACTED] (see Recommendation 3).

Methodology Used to Measure the Reported Benefit:

We reviewed 5,319 TY 2019 e-filed returns with a Form 8996 filed from January 1 through December 31, 2020. Our review identified 699 returns that contained [REDACTED]

Type and Value of Outcome Measure:

- Reliability of Information – Potential; 341 TY 2019 e-filed returns with a Form 8996 filed reporting investments in another QOF (see Recommendation 4).

Methodology Used to Measure the Reported Benefit:

We reviewed 5,319 TY 2019 e-filed returns with a Form 8996 filed from January 1 through December 31, 2020. Our review identified 341 returns that reported investments in another QOF. We identified these QOFs by reviewing EINs listed on Form 8996, Part VI, and compared it to all EINs that self-certified as a QOF.

Type and Value of Outcome Measure:

- Reliability of Information – Potential; 1,530 TY 2019 e-filed Forms 8996 with an error in [REDACTED] (see Management Action, page 7).

Methodology Used to Measure the Reported Benefit:

We reviewed 5,319 TY 2019 e-filed returns with a Form 8996 filed from January 1 through December 31, 2020. Our review identified 1,530 returns with [REDACTED]

[REDACTED] and determining if our own calculations matched those of the tax return.

Type and Value of Outcome Measure:

- Reliability of Information – Potential; 3,273 TY 2019 e-filed tax returns with an attached Form 8949 reporting [REDACTED] (see Management Action, page 10).

Methodology Used to Measure the Reported Benefit:

We reviewed 15,831 TY 2019 e-filed returns with a Form 8949 reporting a current year deferral filed from January 1 through December 31, 2020. We identified these returns by searching TY 2019 Forms 8949 that contained a Z or Y code in Part I or II, column (f). Our review identified 3,273 returns for which the processing code associated with a Form 8997 was not added to the associated tax return. We identified these returns by matching all e-filed Forms 8997 to taxpayers that filed a Form 8949 and determining which [REDACTED].

Type and Value of Outcome Measure:

- Reliability of Information – Potential; 5,141 TY 2019 e-filed returns in which the investor reported [REDACTED] (see Recommendation 5).

Methodology Used to Measure the Reported Benefit:

We reviewed 16,509 TY 2019 [REDACTED].

Type and Value of Outcome Measure:

- Reliability of Information – Potential; 555 e-filed and paper-filed TY 2018 returns filed a Form 8996 but did not file a Form 8996 in [REDACTED] (see Management Action, page 11).

Methodology Used to Measure the Reported Benefit:

We reviewed 1,491 e-filed and paper-filed TY 2018 returns with a Form 8996 indicator on the return. Our review identified 555 taxpayers that did not file a Form 8996 in [REDACTED]. We identified these returns by taking the EINs for TY 2018 and comparing them to TY 2019 filed returns.

Type and Value of Outcome Measure:

- Reliability of Information – Potential; 849 TY 2019 [REDACTED] returns filed from January 1 through December 31, 2020, with the QOF indicator had a Form 8996 for which no QOZ property or assets were reported (see Management Action, page 12).

Methodology Used to Measure the Reported Benefit:

We reviewed [REDACTED] that contained a QOF indicator. Our review identified 849 returns with no QOZ property or assets transcribed. We identified these returns by looking for the Return Processing Code “6” on the taxpayer’s account, focusing on

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those that paper filed, and then reviewing what was reported for QOZ property or asset amounts.

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

January 14, 2022

MEMORANDUM FOR MICHAEL E. MCKENNEY
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: De Lon Harris  Digitally signed by Geard D. Harris
Date: 2022.01.14 11:35:51 -05'00'
Commissioner, Small Business/Self-Employed Examination
Division

SUBJECT: Draft Audit Report – Additional Actions Are Needed to Address
Qualified Opportunity Zone Fund and Investor Noncompliance

Thank you for the opportunity to review and provide comments on the draft report, *Additional Actions Are Needed to Address Qualified Opportunity Zone Fund and Investor Noncompliance (TIGTA 202040029)*.

The Tax Cuts and Jobs Act of 2017 (TCJA) included a provision that created Opportunity Zones (OZ), which is an economic development tool that allows people to invest in economically distressed areas in the United States. The purpose is to encourage economic growth and job creation in low-income communities while providing tax benefits to investors.

Low-income communities and certain neighboring areas, defined by population census tracts, can qualify as Qualified Opportunity Zones (QOZs). State governors nominate communities for the QOZ designation, and the U.S. Department of the Treasury certifies the nomination. Thousands of low-income communities in all 50 states, the District of Columbia and five U.S. territories have received a QOZ designation.

The OZ tax incentive allows taxpayers to temporarily defer taxes on invested gains, and in certain circumstances pay reduced taxes, by investing in communities designated as QOZs through Qualified Opportunity Funds (QOFs).

As briefly touched upon in your report, the IRS immediately took several significant actions to implement the OZ provision. The Service's efforts included engaging the Community Development Financial Institutions Fund to assist in reviewing QOZ nominations, developing new tax forms and instructions, developing guidance, adding

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codes to identify tax returns of QOFs and QOF investors at the time the returns are filed, and developing a compliance plan. The audit focused primarily on tax year (TY) 2019 returns filed in 2020, leaving the IRS no opportunity to institute an independent review of filing season results or take actions in response prior to TIGTA's intervention.

In addition to what is included in the report the IRS took several other important actions to help ensure compliance with the OZ provision, such as a 100% review of all TY2018 OZ related tax filings, OZ soft letter and compliance projects, the development and delivery of training to examiners, and the development of technical resources for use by examiners. We also completed extensive outreach and education activities, including participating in 246 local and regional events. The IRS initiated 2,360 OZ program information contacts with various organizations, delivered multiple presentations attended by thousands of practitioners and other external stakeholders, some of which are available for on demand replay, and established an OZ resource page on irs.gov with an extensive library of information for investors and fund managers, as well as links to other related government resources.

We appreciate the feedback provided relative to data limitations. Although the IRS agrees that certain data limitations currently exist, it is important to note that we are continuing to work to eliminate and/or mitigate these limitations through additional data related requests, actions taken, and implementation of our compliance plan.

Responses to your specific recommendations are enclosed. If you have any questions, please contact me or Scott Irick, Director, Examination, Small Business/Self-Employed Division.

Attachment

Additional Actions Are Needed to Address Qualified Opportunity Zone Fund and Investor Noncompliance

Attachment

RECOMMENDATION 1: The Commissioner, Small Business/Self-Employed (SB/SE) Division, should work with IRS Office of Chief Counsel, in consultation with the Department of the Treasury Office of Tax Policy, to develop guidance for QOFs that intentionally do not comply with program requirements.

CORRECTIVE ACTION: We provided IRS Office of Chief Counsel recommendations to support the development of guidance to address QOFs that intentionally do not comply with program requirements. We will host a follow-up meeting with the Office of Chief Counsel to resolve any questions related to the recommendations provided.

RESPONSIBLE OFFICIAL:
Director, Exam Quality and Technical Support

IMPLEMENTATION DATE:
October 15, 2022

CORRECTIVE ACTION MONITORING PLAN:
IRS will monitor this corrective action as part of our internal management system of controls.

RECOMMENDATION 2: The Commissioner, Small Business/Self-Employed (SB/SE) Division, should: Develop processes and procedures to decertify QOFs that intentionally do not comply with program requirements.

CORRECTIVE ACTION: Until guidance is developed and issued, we cannot commit to developing processes and procedures.

RESPONSIBLE OFFICIAL:
N/A

IMPLEMENTATION DATE:
N/A

CORRECTIVE ACTION MONITORING PLAN:
N/A

RECOMMENDATION 3: The Commissioner, Small Business/Self-Employed (SB/SE) Division, should: As part of the compliance initiative project, review the 699 QOFs that we identified with an invalid or missing [REDACTED] on TY 2019 tax returns and take appropriate actions to address non-compliance with QOF fund certification requirements.

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CORRECTIVE ACTION: We will develop and issue a notice to the 699 QOFs identified by TIGTA.

RESPONSIBLE OFFICIAL:
Director, Exam Quality and Technical Support

IMPLEMENTATION DATE:
January 15, 2023

CORRECTIVE ACTION MONITORING PLAN:
IRS will monitor this corrective action as part of our internal management system of controls.

RECOMMENDATION 4: The Commissioner, Small Business/Self-Employed (SB/SE) Division, should: Review the 341 QOFs that reported investments in another QOF or their own EIN on TY 2019 tax returns and address QOFs that include these investments in its total QOZ property when calculating their investment standard (Form 8996, Part II).

CORRECTIVE ACTION: We will develop and issue a notice to the 341 QOFs identified by TIGTA.

RESPONSIBLE OFFICIAL:
Director, Exam Quality and Technical Support

IMPLEMENTATION DATE:
January 15, 2023

CORRECTIVE ACTION MONITORING PLAN:
IRS will monitor this corrective action as part of our internal management system of controls.

RECOMMENDATION 5: The Commissioner, Small Business/Self-Employed (SB/SE) Division, should: As part of the compliance initiative project, review the 5,141 investor returns in which the investor reported [REDACTED] and address any ineligible deferred capital gains.

CORRECTIVE ACTION: We will develop and issue a notice to the 5,141 investors identified by TIGTA.

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RESPONSIBLE OFFICIAL:

Director, Exam Quality and Technical Support

IMPLEMENTATION DATE:

January 15, 2023

CORRECTIVE ACTION MONITORING PLAN:

IRS will monitor this corrective action as part of our internal management system of controls.

RECOMMENDATION 6: The Commissioner, Small Business/Self-Employed (SB/SE) Division, should: Until the [REDACTED] are implemented, develop interim processes and procedures to identify and track accounts identified with erroneous QOF indicator codes.

CORRECTIVE ACTION: These codes are not erroneous, as they are correctly applied when a Form 8996 *Qualified Opportunity Fund* is filed, regardless of what information is contained on the form. We previously worked with software vendors to substantially resolve the issue identified by TIGTA. For the few instances remaining, we developed processes and procedures to identify and track accounts with certain indicator codes that may not be a QOF. Additional processes and procedures are not necessary.

RESPONSIBLE OFFICIAL:

N/A

IMPLEMENTATION DATE:

N/A

CORRECTIVE ACTION MONITORING PLAN:

N/A

RECOMMENDATION 7: The Deputy Commissioner for Services and Enforcement should: Ensure that additional key data fields from [REDACTED] Forms 8996 are transcribed to enable the IRS to systemically identify QOFs [REDACTED].

CORRECTIVE ACTION: [REDACTED] of this, and other information, have been submitted previously and continue to be submitted annually, including the most recent Tax Year 2022 submission. The allocation of resources among the various IRS operations to satisfy these requests depends on competing priorities, budget constraints new legislation, and system limitations.

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RESPONSIBLE OFFICIAL:

N/A

IMPLEMENTATION DATE:

N/A

CORRECTIVE ACTION MONITORING PLAN:

N/A

RECOMMENDATION 8: The Deputy Commissioner for Services and Enforcement should: Ensure that additional key data fields from [REDACTED] Forms 8997 are transcribed to enable the IRS to systemically identify investors that [REDACTED].

CORRECTIVE ACTION: [REDACTED] of this, and other information, have been submitted previously and continue to be submitted annually, including the most recent Tax Year 2022 submission. The allocation of resources among the various IRS operations to satisfy these requests depends on competing priorities, budget constraints, new legislation, and system limitations.

RESPONSIBLE OFFICIAL:

N/A

IMPLEMENTATION DATE:

N/A

CORRECTIVE ACTION MONITORING PLAN:

N/A

Abbreviations

E-Filed	Electronically Filed
CDFI	Community Development Financial Institutions
EIN	Employer Identification Number
I.R.C.	Internal Revenue Code
IRS	Internal Revenue Service
PY	Processing Year
QOF	Qualified Opportunity Fund
QOZ	Qualified Opportunity Zone
SB/SE	Small Business/Self-Employed
TIGTA	Treasury Inspector General for Tax Administration
TIN	Taxpayer Identification Number
TY	Tax Year



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