

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

2024

Department of the Treasury
Internal Revenue Service

Attach to Form 1040, 1040-SR, 1040-NR, 1041, 1065, 1120, 1120-F,
1120-REIT, 1120-RIC, 1120-S, or 990-T.

Attachment
Sequence No. **997**

Go to www.irs.gov/Form8997 for the latest information.

Name _____ Tax identification number (see instructions) _____

Part I Total QOF Investment Holdings Due to Deferrals Prior to 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)	(d) Special gain code	Deferred gain held in QOF	
				(e) Amount of short-term deferred gain remaining in QOF	(f) Amount of long-term deferred gain remaining in QOF
1 Enter the totals, if any, from continuation sheet					
2 Enter the totals from columns (e) and (f)					

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)	(d) Special gain code	Deferred gain invested in QOF	
				(e) Amount of short-term deferred gain remaining in QOF	(f) Amount of long-term deferred gain remaining in QOF
1 Enter the totals, if any, from continuation sheet					
2 Enter the totals from columns (e) and (f). See instructions for reporting on Form 8949					

Applicability of Special Rules Regarding the Waiver of Certain Treaty Benefits

Are you a foreign eligible taxpayer? See instructions for more information.

- Yes.** You may not elect to defer tax on an eligible gain by investing in a QOF unless you check "Yes" in response to the next question.
- No.** Skip the next question and go to Part III.

Waiver of Treaty Benefits on Future Inclusions by a Foreign Eligible Taxpayer

Do you hereby irrevocably waive any benefits available under an applicable U.S. income tax convention that would exempt gains that you are deferring by investing in a QOF from being subject to federal income tax at the time of inclusion? See instructions for more information.

- Yes.** Report the deferral of the eligible gain in Part II and on Form 8949.
- No.** You may not elect to defer tax on an eligible gain by investing in a QOF. **Do not report the deferral of any otherwise eligible gain in Part II or on Form 8949.**

Part III Inclusion Events and Certain Other Transfers During the Current Tax Year

(a) Qualified Opportunity Fund (QOF) EIN	(b) Date of event (MM/DD/YYYY)	(c) Description of event (for example, sale of 100 shares, gift of 25% interest, or distribution of \$1,000, etc.)	(d) Special gain code	Deferred gain included due to disposition of QOF interest	
				(e) Amount of previously deferred short-term gain now included in taxable income	(f) Amount of previously deferred long-term gain now included in taxable income

1 Enter the totals, if any, from continuation sheet

2 Enter the totals from columns (e) and (f). 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 QOF or other third party. See the Instructions for Form 8949 for reporting requirements of any gain or loss.

Part IV Total QOF Investments Due to Deferrals at Year End (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)	(d) Special gain code	Deferred gain invested in QOF investment	
				(e) Amount of short-term deferred gain invested in QOF	(f) Amount of long-term deferred gain invested in QOF

1 Enter the totals, if any, from continuation sheet

2 Enter the totals from columns (e) and (f)

Section references are to the Internal Revenue Code unless otherwise noted.

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.

Reminders

Basis adjustment due to 5-year holding period. If you held your investment in the Qualified Opportunity Fund for at least 5 years, you may be eligible for a basis adjustment increase of 10% of the deferred gain (the amount of your investment). See Part III for more information.

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/Ozfaqs for more information and guidance.

Definitions

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 of eligible gain into a QOF to defer recognition of the eligible gain. The investment in the QOF must be in the form of an equity interest in the QOF, which may include preferred stock or partnership interests, including those with special 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. A

QOF investment is also reported on Form 8949; other non-qualifying investments in the entity certified as a QOF are not reported on Form 8997.

Special gain code (SGC). An SGC is a code that is entered when the QOF investment originated from an elected deferred gain, where the gain was:

SGC	Gain Origination
A	Section 1256 gain
B	Form 4797 (section 1231)
C	Straddle(s)
D	Collectibles
E	Exempt by treaty (but for election to defer rather than claim exemption)
F	Deferred gain relating to a noninclusion transfer
G	Adjustment to basis 5-year

Who Must File

An eligible taxpayer holding a QOF investment at any point during the tax year must file Form 8997 with the taxpayer's timely filed federal income tax return (including extensions). An eligible taxpayer is a person that is required to report the recognition of gains during the tax year under federal income tax accounting principles. If you are not otherwise required to file a return, with the exception of grantor trusts, but you held a QOF investment at any point during the tax year, attach Form 8997 to an appropriate return with your name, address, and identification number.

Instructions for consolidated groups.

A consolidated group should include with the group's return a separate Form 8997 for each group member that held a QOF investment during the tax 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 (non-grantor trusts), estates, and Indian tribes, 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, 2024. Complete columns (a) through (d) for each QOF investment. When reporting the amount of the deferred gain, use the appropriate column (either (e) or (f)) depending on whether the remaining

deferred capital gain in the fund was a short-term or a long-term capital gain.

Identification requirement for acquisition from another taxpayer in a noninclusion transfer. If you acquired the QOF investment during the tax year or in a prior tax year in a transaction that was, in whole or in part, not an inclusion event under Regulations section 1.1400Z2(b)-1(c), provide the following information relating to the transferor of the QOF investment. Enter in column (c) the taxpayer name, taxpayer identification number, and the date the QOF investment was transferred to you. Enter in column (d) special gain code "F."

Identification requirement for transfer to another taxpayer in a noninclusion transfer. If you disposed of a QOF investment during the tax year in a transaction that was, in whole or in part, not an inclusion event under Regulations section 1.1400Z2(b)-1(c), provide the following information relating to the transferee of the QOF investment. Enter in column (c) the taxpayer name, taxpayer identification number, and the date the QOF investment was disposed of. Enter in column (d) special gain code "F."

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 (d) for each QOF investment. When reporting the amount of the deferred gain, use the appropriate column (either (e) or (f)) depending on whether the capital gain deferred was a short-term or a long-term capital gain.

Identification requirement for acquisition from another taxpayer in a noninclusion transfer. If you acquired the QOF investment during the tax year in a transaction that was, in whole or in part, not an inclusion event under Regulations section 1.1400Z2(b)-1(c), provide the following information relating to the transferor of the QOF investment. Enter in column (c) the taxpayer name, taxpayer identification number, and the date the QOF investment was transferred to you. Enter in column (d) special gain code "F."

Identification requirement for transfer to another taxpayer in a noninclusion transfer. If you disposed of a QOF investment during the tax year in a transaction that was, in whole or in part, not an inclusion event under Regulations section 1.1400Z2(b)-1(c), provide the following information relating to the transferee of the QOF investment. Enter in column (c) the taxpayer name, taxpayer identification number, and the date the QOF investment was disposed of. Enter in column (d) special gain code "F."

Waiver of Treaty Benefits on Future Inclusions by a Foreign Eligible Taxpayer

If you are a foreign eligible taxpayer (an eligible taxpayer that is not a U.S. person within the meaning of section 7701(a)(30) or that is treated as a resident of another country for purposes of an applicable income tax treaty), you must, for any capital gains that you are deferring by investing in a QOF, irrevocably waive any benefits available under an applicable U.S. income tax convention that would exempt such gains from being subject to federal income tax at the time of inclusion. A foreign eligible taxpayer includes, for example, any individual who is required to file Form 1040-NR, a foreign corporation, and a foreign estate or trust. A citizen or resident alien of the United States who is required to file Form 1040 or 1040-SR is not a foreign eligible taxpayer. To waive treaty benefits, a foreign eligible taxpayer must check the "Yes" box provided on page 1 of Form 8997 under **Waiver of Treaty Benefits on Future Inclusions by a Foreign Eligible Taxpayer**.

Note: The waiver of treaty benefits on Form 8997 generally doesn't apply to partnerships. See Regulations section 1.1400Z2(a)-1(b)(11)(ix)(A)(3).

Part III

Complete Part III to report inclusion events during the current tax year for your QOF interests. An inclusion event occurs if you sold or transferred your QOF investment, if you received a distribution from the QOF, if you declared your QOF interest worthless, if the QOF ceased to be a QOF, or if you or the QOF engaged in certain other transactions. Some transactions are excepted from being inclusion events. See Regulations section 1.1400Z2(b)-1(c) for a full list of inclusion events and exceptions.

Complete columns (a) through (c) for each QOF investment. When reporting the amount of the deferred gain now

included, due to the inclusion event, complete column (d) and report the amount of the gain in the appropriate column (either (e) or (f)) depending on whether the previously deferred capital gain was a short-term or a long-term capital gain. If your transaction falls under an exception in the regulations so that no deferred gain is now included, enter in column (c) the word "Exception" and a citation to the applicable paragraph of the regulations; leave columns (d)-(f) blank.

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.

Basis adjustment due to 5-year holding period. To report an inclusion event that involves an adjustment to basis due to the amount of time you held the investment, complete columns (a) through (d) for each QOF investment being disposed that individually meets the 5-year holding period requirement. See Regulations section 1.1400Z2(b)-1(g) for further guidance on calculating the basis and Regulations section 1.1400Z2(b)-1(d) for further guidance on calculating the holding period. In column (c), put "Adjustment to basis 5-year" and in column (d) enter special code "G."

When reporting the amount of the adjustment, due to the inclusion event, report the amount of the adjustment in the appropriate column (either (e) or (f)) depending on whether the previously deferred capital gain was a short-term or a long-term capital gain for each EIN.

Identification requirement for acquisition from another taxpayer in a noninclusion transfer. If you acquired the QOF investment in a transaction that was, in whole or in part, not an inclusion event under Regulations section 1.1400Z2(b)-1(c), provide the following information relating to the transferor of the QOF investment. Enter in column (c) the taxpayer name, taxpayer identification number, and the date the QOF investment was transferred to you.

Enter in column (d) special gain code "F."

Part IV

Complete Part IV to report your deferred gain held during the tax year that was not invested and your QOF investments held due to current year capital gain deferrals and prior tax year(s) deferrals; for individuals, this would generally be December 31, 2024. Complete columns (a) through (d) for each QOF investment. When reporting the amount of the deferred gain, use the appropriate column (either (e) or (f)) depending on whether the deferred capital gain was a short-term or a long-term capital gain.

If one of your QOF investments is the continuation of an investment in a different QOF (for example, due to a reorganization), enter in column (c) the word "Formerly" and the earlier QOF's EIN.

Identification requirement for acquisition from another taxpayer in a noninclusion transfer. If you acquired the QOF investment in a transaction that was, in whole or in part, not an inclusion event under Regulations section 1.1400Z2(b)-1(c), provide the following information relating to the transferor of the QOF investment. Enter in column (c) the taxpayer name, taxpayer identification number, and the date the QOF investment was transferred to you. Enter in column (d) special gain code "F."

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 (e) or (f)) depending on whether the deferred capital gain invested in the fund was a short-term or a long-term capital gain.