

This document will be submitted to the Office of the Federal Register (OFR) for publication. The version of the notice and request for information released today may vary slightly from the published document if minor editorial changes are made during the OFR review process. The document published in the Federal Register will be the official document.

DEPARTMENT OF THE TREASURY

Request for Information on Data Collection and Tracking for Qualified

Opportunity Zones

AGENCY: Department of the Treasury

ACTION: Notice and request for information.

SUMMARY: The Department of the Treasury (Treasury Department) is publishing this Notice and Request for Information to seek public input on the development of public information collection and tracking related to investment in qualified opportunity funds (QOFs). Section 13823 of the Tax Cuts and Jobs Act, Pub. L. 115-97, 131 Stat. 2054, 2184 (2017) (TCJA), amended the Internal Revenue Code to add sections 1400Z-1 and 1400Z-2. Sections 1400Z-1 and 1400Z-2 seek to encourage economic growth and investment in designated distressed communities (qualified opportunity zones) by providing Federal income tax benefits to taxpayers who invest in businesses located within these zones through a QOF. The purpose of information collection and tracking is to measure the effectiveness of the policy in achieving its stated goals, and ensure that this investment opportunity remains an attractive option for investors to use.

A QOF is required to file Form 8996 as part of its annual Federal income tax return. On this form, the QOF reports the amount of assets in the QOF and what portion of those assets are qualified opportunity zone property (as defined in section 1400Z-2(d)(2)(A)). Based on annual data provided in Form 8996, with a lag of

approximately two years following the taxable year, the Treasury Department could determine and report publicly on (i) the number of QOFs, (ii) the aggregate amount of investment in QOFs, and (iii) the portion of that investment reported by QOFs as qualified opportunity zone property.

However, the information reported on the current version of Form 8996 lacks sufficient granularity for the Treasury Department to determine the amount and type of investment that flows into an individual qualified opportunity zone through a QOF. This type of information would be valuable for evaluating the success of the qualified opportunity zone tax incentive on increasing investment and economic activity within qualified opportunity zones.

In the coming weeks, the Treasury Department anticipates that possible revisions to the Form 8996 (OMB Control number 1545-0123) could be proposed for tax years 2019 and following. Subject to tax administration limitations, the Paperwork Reduction Act of 1995 (44 U.S.C. 3507(d)), and other requirements under law, it is expected that such proposed revisions to the Form 8996 could require additional information such as (1) the employer identification number (EIN) of the qualified opportunity zone businesses owned by a QOF and (2) the amount invested by QOFs and qualified opportunity zone businesses located in particular census tracts designated as qualified opportunity zones. Notice of the availability of the draft Form 8996 and request for comment will be available at [IRS.gov/DraftForms](https://www.irs.gov/DraftForms).

DATES: Comments on this Notice and Request for Information should be received by **[INSERT DATE THAT IS 30 DAYS AFTER PUBLICATION OF THIS DOCUMENT IN THE FEDERAL REGISTER]**.

ADDRESSES: Interested persons are invited to submit comments regarding this notice according to the instructions for “Electronic Submission of Comments” below. All submissions must refer to this document. The Treasury Department encourages the early submission of comments.

Electronic Submission of Comments.

Interested persons must submit comments electronically through the Federal eRulemaking Portal at <http://www.regulations.gov>. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt, and enables the Treasury Department to make them available to the public. Comments submitted electronically through the <http://www.regulations.gov> web site can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

Note: To receive consideration as public comments, comments must be submitted through the method specified above.

No Facsimile Comments. Facsimile (FAX) comments will not be accepted.

Public Inspection of Public Comments. In general, all properly submitted comments will be available for inspection and downloading at <http://www.regulations.gov>.

Additional Instructions. Please note the number of the question to which you are responding at the top of each response. Though the responses will be screened for appropriateness, in general comments received, including attachments and other supporting materials, are part of the public record and are immediately available to the public. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT: For general inquiries, submission process questions, or any additional information, please call 202–622–2108. All responses to this Notice and Request for Information should be submitted via <http://www.regulations.gov> to ensure consideration.

SUPPLEMENTARY INFORMATION: Treasury Department is seeking public comment on the following questions:

1. What data would be useful for tracking the effectiveness of providing tax incentives for investment in qualified opportunity zones to bring economic development and job creation to distressed communities?
 - *Comments could address (A) suggested measures that would signal improved economic development in local target markets as well as spillover to neighboring areas, (B) measures of job creation specific to the distressed community, (C) who would collect the data, (D) the frequency of data to be collected, and (E) sources from which to collect data.*
2. In addition to the anticipated revisions to Form 8996 discussed in the Summary of this Notice and Request for Information, is there other information that could appropriately be collected on a tax form that would be helpful in measuring the effectiveness of the opportunity zone incentives. For example, should qualified opportunity zone businesses be required to report on a tax form the location by census tract of (1) owned and leased tangible property or (2) employees of a qualified opportunity zone business?

- *Comments could address (A) suggested alternative sources to collect this information, (B) the detail required, such as geocoding or type of property, and (C) the cost of data reporting.*
3. What data would be useful for measuring how much would have been invested in qualified opportunity zones in the absence of the opportunity zone incentives?
- *Comments could address (A) suggested measures for the current economic viability of investment in similarly distressed, but non-qualified census tracts, and (B) current economic trends in qualified and non-qualified census tracts.*
4. What data would be useful for ensuring that the investment opportunity remains an attractive option for investors?
- *Comments could address (A) information on the quantity and location of investment, (B) the type of property or businesses generating investment interest, and (C) sources from which to collect data.*
5. What are the costs and benefits of various methods of information collection?
Who should perform this data collection?
- *Comments could address (A) methods of collection and data submission, (B) costs associated with each method, including time burden and other cost considerations, and (C) any specific advantages that a particular method might offer.*
6. What considerations should government officials take into account when considering data to analyze the effectiveness of the qualified opportunity zone

incentives to promote economic development to distressed areas? Over what time period should this analysis occur?

- *Comments could address (A) specific concerns of investing in distressed areas, (B) the ability of job creation to match local labor force skills, (C) opportunity zone investment crowding out other private or public investment, and (D) risk factors not elsewhere noted.*

7. How do you view the role of the Federal Government, and Tribal, State and local governments in the ongoing maintenance and administration of opportunity zones?

- *Comments could address: monitoring, tracking, facilitation, or any other role government could serve to improve the effectiveness of the opportunity zone incentives.*

8. Is there any additional information regarding data collection and tracking for opportunity zones not already addressed that you would like to provide?

Date: April 16, 2019