



IRS has begun sending letters to taxpayers that may need to take action related to Qualified Opportunity Funds

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WASHINGTON — The Internal Revenue Service has started sending letters to taxpayers that may need to take additional actions related to Qualified Opportunity Funds (QOF).

Taxpayers who attached or indicated they attached a Form 8996 to their return may receive Letter 6250, *Self-certifying as Qualified Opportunity Fund (QOF)*. This letter lets them know that if they intended to self-certify as a QOF they may need to take additional action to meet the annual self-certification requirement.

To correct a 2018 self-certification as a QOF, these taxpayers should file an amended return or an administrative adjustment request (AAR). If an entity that receives the letter fails to take action to self-certify as a QOF, the IRS may refer its tax account for examination. Investors who made an election to defer tax on eligible gains invested in that entity may also be subject to examination for an invalid election.

Additionally, taxpayers may receive Letter 6251, *Reporting Qualified Opportunity Fund (QOF) Investments*, notifying them they may not have properly followed the instructions for [Form 8949, Sales and other Dispositions of Capital Assets](#) or do not appear to have an eligible gain that would enable them to make a valid deferral election for gains invested in a QOF.

If these taxpayers intended to make a valid deferral election, they can file an amended return or an AAR. Failure to act will mean those who received the letter may not have a qualifying investment in a QOF and the IRS may refer their tax accounts for examination. This may result in letter recipients owing taxes, interest, and penalties on gains that were not properly deferred.

For general information, visit the [Opportunity Zones page](#) on irs.gov.