

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

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Person To Contact:
, ID No.

Telephone Number:

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Date:
January 16, 2026

LEGEND

- Taxpayer =
- State =
- Manager =
- Assistant =
- Accountant =
- Trust =
- Firm =
- N1 =
- Date 1 =
- Date 2 =
- Date 3 =
- Date 4 =
- Date 5 =
- Month 1 =
- Month 2 =
- Year 1 =
- Year 2 =

Dear :

This responds to Taxpayer’s ruling request dated Date 1, for relief under §§ 301.9100-1 and 301.9100-3 of the Procedure and Administration Regulations. Specifically, Taxpayer requests an extension of time to file Form 8996, *Qualified Opportunity Fund*, to (1) self-certify as a qualified opportunity fund (QOF), as defined in § 1400Z-2(d) of the Internal Revenue Code, and (2) to be treated as a QOF, effective as of Date 2, as provided under § 1400Z-2 and § 1.1400Z2(d)-1 of the Income Tax Regulations.

FACTS

Taxpayer has represented that the facts are as follows:

Taxpayer is a limited liability company organized under the laws of State on Date 2 and is classified as a partnership for federal income tax purposes. Manager, who is now deceased, was a fifty-percent member and the initial manager of Taxpayer. Manager's spouse also was a fifty-percent member of Taxpayer. Taxpayer is a cash method taxpayer with a taxable year end of December 31. Taxpayer was formed for the purpose of investing in qualified opportunity zone property as defined in § 1400Z-2(d)(2).

Manager had no experience investing in a QOF in Month 1 when he engaged an attorney from Firm as legal counsel to form Taxpayer and advise Manager on Taxpayer's compliance with the opportunity zone provisions. Taxpayer's State articles of organization filed upon its formation include the term "opportunity fund" in the name of Taxpayer. In addition, Firm prepared an operating agreement of Taxpayer, which provides that Taxpayer is intended to constitute a QOF taxed as a partnership for federal income tax purposes.

Assistant is a co-trustee of the Trust, dated Date 4, which holds Manager's and Manager's spouse's interests in Taxpayer. Assistant, who worked as an assistant to Manager for over four years, starting in Year 1, participated in the creation and funding of Taxpayer in Year 1. Assistant completed the transfer of funds in Month 2 to Taxpayer on behalf of Manager and Manager's spouse. These transfers were intended to constitute "qualifying investments," as defined in § 1.1400Z2(a)-1(b)(34).

Manager's personal return preparer, Accountant, was engaged in Year 2 on an ongoing basis for the preparation of Manager's personal income tax returns. Accountant is a certified public accountant with more than N1 years of public accounting experience. In Year 1, Accountant did not have experience with respect to QOFs. Accountant was unaware of the requirement for a QOF to file Form 8996 and to be structured as either a corporation or a partnership. Accountant was not involved with the formation and capitalization of Taxpayer and did not receive a copy of the operating agreement from Manager until after Manager's death.

Accountant timely filed Manager's Year 1 personal income tax return with an accompanying Form 8997, *Initial and Annual Statement of Qualified Opportunity Fund (QOF) Investments*. Accountant was generally aware of Manager's intent to form Taxpayer and invest an amount of capital to defer income tax liability. However, Accountant was unaware of the requirement to file a Form 8996 and did not prepare and file a Year 1 income tax return for Taxpayer, because Accountant was under the mistaken impression that Taxpayer was a single-member LLC based on statements made by both Manager and Assistant.

The missed QOF election and fact that Taxpayer was not a single-member LLC were discovered after Manager's passing on Date 3. On or about Date 5, Accountant filed Taxpayer's Year 1 Form 1065 and accompanying Form 8996.

LAW AND ANALYSIS

Section 1400Z-2(e)(4)(A) directs the Secretary to prescribe regulations for rules for the certification of QOFs. Section 1.1400Z2(d)-1(a)(2) provides the rules for an entity to self-certify as a QOF.

Section 1.1400Z2(d)-1(a)(2)(i) provides that an entity electing to be certified as a QOF must do so annually on a timely filed return in such form and manner as may be prescribed by the Commissioner of Internal Revenue in the Internal Revenue Service forms or instructions, or in publications or guidance published in the Internal Revenue Bulletin.

To self-certify as a QOF, a taxpayer must file Form 8996 with its tax return for the year to which the certification applies. The Form 8996 must be filed by the due date of the tax return, including extensions. The information provided indicates that Taxpayer did not file its Form 8996 by the due date of its income tax return, including extensions.

Because § 1.1400Z2(d)-1(a)(2)(i) sets forth the manner and timing for an entity to self-certify as a QOF, these elections are regulatory elections, as defined in § 301.9100-1(b).

Sections 301.9100-1 through 301.9100-3 provide the standards that the Commissioner will use to determine whether to grant an extension of time to make a regulatory election. Section 301.9100-3(a) provides that requests for extensions of time for regulatory elections (other than automatic extensions covered in § 301.9100-2) will be granted when the taxpayer provides evidence, including affidavits, to establish that the taxpayer acted reasonably and in good faith and the grant of relief will not prejudice the interests of the government.

Under § 301.9100-3(b), a taxpayer is deemed to have acted reasonably and in good faith if the taxpayer requests relief before the failure to make the regulatory election is discovered by the Service, or reasonably relied on a qualified tax professional, and the tax professional failed to make, or advise the taxpayer to make, the election. However, a taxpayer is not considered to have reasonably relied on a qualified tax professional if the taxpayer knew or should have known that the professional was not competent to render advice on the regulatory election or was not aware of all relevant facts.

Under § 301.9100-3(b)(3), a taxpayer is deemed not to have acted reasonably and in good faith if the taxpayer—

- (i) seeks to alter a return position for which an accuracy-related penalty has been or could be imposed under § 6662 at the time the taxpayer requests relief, and the new position requires or permits a regulatory election for which relief is requested;
- (ii) was fully informed in all material respects of the required election and related tax consequences but chose not to make the election; or
- (iii) uses hindsight in requesting relief. If specific facts have changed since the original deadline that make the election advantageous to a taxpayer, the Service will not ordinarily grant relief.

Section 301.9100-3(c)(1) provides that the Commissioner will grant a reasonable extension of time to make the regulatory election only when the interests of the Government will not be prejudiced by the granting of relief.

Section 301.9100-3(c)(1)(i) provides that the interests of the government are prejudiced if granting relief would result in a taxpayer having a lower tax liability in the aggregate for all taxable years affected by the election than the taxpayer would have had if the election had been timely made, taking into account the time value of money.

Section 301.9100-3(c)(1)(ii) provides that the interests of the government are ordinarily prejudiced if the taxable year in which the regulatory election should have been made or any taxable year that would have been affected by the election had it been timely made are closed by the period of limitations on assessment before the taxpayer's receipt of a ruling granting relief under § 301.9100-3. Even though Taxpayer seeks relief for the taxable year ending December 31, Year 1, Taxpayer did not file its Year 1 Form 1065 until on or about Date 5. Thus, the period of limitations applicable to Taxpayer's Year 1 tax year is not closed.

Based on the facts and information submitted, and the representations made, we conclude that Taxpayer has acted reasonably and in good faith, and that the granting of relief will not prejudice the interests of the government. Manager and Assistant lacked knowledge of the requirements to set up a QOF, and Accountant lacked experience in preparing tax returns for QOFs. Accountant also relied on incorrect statements made by Manager and Assistant that Taxpayer was a single-member LLC. Accordingly, the Form 8996 attached to Taxpayer's return for Year 1, filed Date 5, is considered timely filed, and Taxpayer has thereby made the election under § 1400Z-2 and § 1.1400Z2(d)-1(a)(2)(i) to self-certify as a QOF for Year 1. Taxpayer should submit a copy of this letter ruling to the Service Center where Taxpayer files its returns along with a cover letter requesting that the Service associate this ruling with the Year 1 return.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter. Specifically, we express no opinion, either express or implied, concerning whether any investments made into Taxpayer are qualifying investments as defined in § 1.1400Z2(a)-1(b)(34) or whether Taxpayer meets the requirements under § 1400Z-2

and the regulations thereunder to be a QOF. We express no opinion regarding the tax treatment of the instant transaction under the provisions of any other sections of the Code or regulations that may be applicable, or regarding the tax treatment of any conditions existing at the time of, or effects resulting from, the instant transaction.

This ruling is based upon facts and representations submitted by Taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. This office has not verified any of the material submitted in support of the request for a ruling. However, as part of an examination process, the Service may verify the factual information, representations, and other data submitted.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

A copy of this letter must be attached to any income tax return to which it is relevant. Alternatively, taxpayers filing their returns electronically may satisfy this requirement by attaching a statement to their return that provides the date and control number of the letter ruling.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to Taxpayer's authorized representative.

Sincerely,

Amy J. Pfalzgraf
Branch Chief, Branch 5
Office of Associate Chief Counsel
(Income Tax and Accounting)

CC: