

INSTRUCTIONS FOR THE PREPARATION OF
ALABAMA DEPARTMENT OF REVENUE
Gains Invested in Qualified Opportunity Zone Funds

Act Number 2019-392, Alabama Incentives Modernization Act passed the Alabama Legislature during the 2019 Regular Session which added Section 40-18-6.1. Section 40-18-6.1 allows the provisions of 26 U.S.C. §1400Z-2 to be applicable for taxpayers who invest in an approved Alabama Department of Economic and Community Affairs (ADECA) Qualified Opportunity Zone Fund (QOF). If the taxpayer invests their gain in a federal qualified fund, the taxpayer must complete Alabama Department of Revenue Gains Invested in Qualified Opportunity Zone Funds (Schedule OZ). The taxpayer should enter the amount of deferred gain for each property and carry the total taxable gain to the appropriate lines on Forms ET-1, 20S, and 65. Form 20C filers should include the taxable gain in line 1 and check the "Opportunity Zone Investment" checkbox on page 1. Schedule OZ must be attached to the return.

Line Instructions

Line 1(a). Enter in this column a description of the property sold in which gain is being deferred.

Line 1(b). Enter in this column the date the property was sold or disposed of.

Line 1(c). Enter in this column the amount of gain deferred from Federal Form 8949. ***This amount should not include the adjustment made for the deferred gain on the federal return.*** For financial institutions, the gain may be different if the basis for financial institution excise purposes differ from the basis used for federal tax purposes. A copy of the Federal Form 8949 must be attached to the return.

Line 1(d). Enter in this column the Opportunity Zone Fund Federal Employee Identification Number (FEIN).

Line 1(e). Enter in this column the name of the Opportunity Zone

Fund in which the deferred gain was invested.

Line 1(f). Check the box in this column if the opportunity zone fund if the deferred gain is approved by ADECA.

Line 1(g). Enter in this column the amount of taxable gain from column 1(c). If the box in column 1(f) is not checked, then enter the total amount from column 1(c).

Line 1(h). Enter in this column the amount of nontaxable deferred gain from column 1(c). If the box in column 1(f) is checked, then enter then enter the amount from column 1(c).

For each deferred gain, complete a separate row until all deferred gains from properties in opportunity zones are disclosed.

Line 2. Enter the Total Taxable Gain [sum of column (g) page 1].

Line 3. Enter the Subtotal Taxable Gain from additional pages, Schedule OZ [sum of column (g) from additional pages].

Line 4. Enter the Total Taxable Gain (Add lines 2 and 3). This amount should also be entered on Form ET-1, page 1, line 4b, Form 20S, page 4, Schedule K, line 7b, or Form 65, page 4, Schedule K, line 8b. Form 20C filers should check the "Opportunity Zone Investment" box located on page 1 of the return, and addback the amount of total taxable gain to line 1, Federal Taxable Income.

Line 5. Enter the Total Deferred Gain [sum of column (h) page 1].

Line 6. Enter the Subtotal Gain Deferred [sum of column (h) additional pages].

Line 7. Enter the Total Gain Deferred (Add lines 5 and 6).