OPPORTUNITY ZONE STRATEGIC ADVISORS

ASHLEY TISON · THE OZ SHERPA

2026 OZ *Field Guide*

The structure, the deadline, and everything that changed under OZ 2.0 — in four pages.

START HERE

Watch Ashley's Personal Walkthrough

The OZ Sherpa walks through every page — plain English, about 6 minutes. Best place to start.

Or scroll through the guide on your own and come back to the video.

OZPros
Opportunity Zone Strategic Advisors

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2026 OZ *Field Guide*

Cheat Sheet · Timelines · Key Terms · What Changed Under OZ 2.0

$1B+
IN TAXES DEFERRED

An **Opportunity Zone (OZ)** is a government-designated census tract designed to attract private investment into underserved communities. Reinvest an eligible capital gain into a **Qualified Opportunity Fund (QOF)** within 180 days and you unlock three powerful tax benefits. Congress made the program **permanent** in 2025 via the One Big Beautiful Bill Act. The core benefits are fully available right now.

The Three Tax Benefits

1 Defer Your Gain

Reinvest into a QOF within 180 days and push the tax bill forward. Under OZ 1.0, deferred gains are recognized Dec. 31, 2026. Under OZ 2.0 (investments starting Jan. 1, 2027), the deferral is a **rolling 5 years** from your investment date — a 5-year interest-free loan from the government.

2 Reduce Your Tax Bill

Under OZ 2.0, the **basis step-up is back**. Hold 5 years and get a 10% basis increase on your original gain. Invest through a **Rural Qualified Opportunity Fund** and that step-up triples to **30%**. Rural zones are a major focus under the new law.

★ Eliminate Tax on Growth

The crown jewel. Hold for **10 or more years** and all appreciation is permanently **excluded** from federal capital gains tax. Not deferred. Not reduced. Gone. Depreciation recapture goes away too in properly structured real estate deals. Under OZ 2.0, hold up to 30 years.

How the Structure Works

INVESTORS

↓ FUND

QOF

↓ PORTFOLIO COMPANY

QOZB
Corp or Partnership

QOZ Business Property
Tangible property used in an active QOZ Business
Must meet use and location tests

OPPORTUNITY ZONE "OZ"

INVESTOR REQUIREMENTS

- Capital gain from any appreciated asset: real estate, stock, business, crypto, precious metals
- Long or short term, from sale to unrelated party
- 180 days to invest into a QOF from realization date
- File election with tax return (Form 8997 annually)

QOF REQUIREMENTS

- Partnership or corporation formed to invest in QOZ Property
- Self-certifies as a QOF (Form 8996, filed annually)
- Must hold 90% of assets in QOZ Property
- Can be structured as an LLC taxed as a partnership

QOZB INVESTMENT REQUIREMENTS

- Acquire interest for cash at original issue after 12/31/17
- Must qualify as QOZ Business at acquisition
- Must qualify as QOZ Business during more than 90% of QOF holding period

INVESTMENT MUST BE EQUITY

- Must be equity, cannot use standard debt
- Convertible debt allowed if conversion results in equity injection at conversion

QOZ BUSINESS REQUIREMENTS

- More than 70% of tangible property is QOZ Business Property
- 50% of business conducted in OZ
- Substantial portion of intangibles used in active business
- Less than 5% nonqualified financial property
- No sin businesses

QOZ BUSINESS PROPERTY REQUIREMENTS

- Tangible property used in business
- Acquired after 12/31/17 from unrelated seller or by lease
- Original use or substantial improvement in OZ
- More than 70% use in OZ for more than 90% of holding period

31-month working capital safe harbor available, extendable to 62 months

KEY TERMS · PLAIN ENGLISH

QOF The fund entity you set up to hold your gain and deploy it into OZ investments.

QOZB The business or real estate project your QOF invests in, operating inside the designated zone.

QOZ Business Property Tangible assets used in the QOZB. Must be newly acquired or substantially improved after 2017.

Deferral Postponing your tax bill by investing a gain into a QOF. Under OZ 2.0, defers five years from investment date.

Basis Step-Up Reduces how much of the original gain gets taxed. 10% at year five under OZ 2.0, 30% for rural funds.

180-Day Window Your deadline to get a gain into a QOF after realizing it. Day of gain counts as Day 1.

Tax Elimination Zero capital gains tax on fund appreciation after a 10-year hold. Not deferred — permanently gone.

Depreciation Recapture Tax owed on prior real estate deductions at sale. Eliminated in a properly structured OZ deal.

K-1 Partnership gain form. Gives you three clock-start options for the 180-day window. See page 4.

OZ 1.0 vs. OZ *2.0* Side by Side

What changed under the One Big Beautiful Bill Act · Signed July 4, 2025 · What matters for you right now

	OZ 1.0 The Original Program	OZ 2.0 The New Era (2027 and beyond)
Enacted	Tax Cuts and Jobs Act, December 22, 2017	One Big Beautiful Bill Act, July 4, 2025
Duration	Temporary. Investment window closes Dec. 31, 2026.	**Permanent with 10-year designation cycles starting Jan. 1, 2027**
Zone Count	8,764 census tracts designated. Active through Dec. 31, 2028.	Approximately 6,500 projected in first cycle. Tighter eligibility criteria.
Eligibility	80% or less of area/statewide median income, or 20% or higher poverty rate	Tightened to 70% or less median income, or 20% or higher poverty rate plus 125% AMI cap
Gain Deferral	Deferred gain recognized Dec. 31, 2026 and reported on the 2026 return filed in 2027. Tax due April 15, 2027.	**Rolling 5-year deferral from date of investment. A genuine interest-free loan from the government.**
Basis Step-Up	15% expired 2019. 10% expired 2021. None for new investments after 2021.	**10% at 5-year mark for all investors. 30% for investments in Rural OZ funds.**
Tax Elimination on Growth	Fully intact for investments made through Dec. 31, 2026. Hold 10 years and all appreciation is permanently excluded. No depreciation recapture. FMV step-up election by Dec. 31, 2047.	**Fully intact. Same 10-year exclusion. No depreciation recapture. FMV step-up election by 30-year mark. This is the main event and it has not changed.**
Rural Benefits	None	**30% basis step-up plus reduced 50% substantial improvement threshold for existing rural OZ buildings**
Reporting	Minimal annual reporting	Enhanced annual reporting begins for tax years beginning after Dec. 31, 2026. Penalties up to $500 per day for non-compliance.

The 180-Day Rule

You have 180 days from the date a gain is realized to invest it into a QOF. For K-1 gains from pass-through entities, you can elect to start the clock on the transaction date, the entity's Dec. 31 year-end, or the partnership return due date (typically March 15). This flexibility can allow a 2026 K-1 gain to qualify for OZ 2.0 treatment by investing in 2027. See page 4 for full detail.

What Gains Qualify?

Nearly any capital gain: stock, real estate, a business sale, partnership interests, crypto, precious metals. The gain must be recognized for federal tax purposes and reinvested within 180 days. OZ is the only program that lets you tax-mitigate a gain after the transaction has already closed.

2026 Is the Transition Year

Which rules apply depends on when you invest into the QOF, not when the gain was realized. Invest by Dec. 31, 2026 and OZ 1.0 applies. Invest Jan. 1, 2027 or later and OZ 2.0 applies. Two investors with identical 2026 gains can end up in very different programs based purely on timing. This decision should happen before the gain is triggered.

Four Myths That Keep People From Acting

Myth 1

"This is too good to be true." Congress designed it specifically to move private capital into underserved communities. Over $150 billion has flowed in since 2018. It is working exactly as intended.

Myth 2

"Hasn't this program expired?" No. Congress made it permanent in 2025. OZ 1.0 zones are active through Dec. 31, 2028. OZ 2.0 takes effect Jan. 1, 2027. The program is alive and expanding.

Myth 3

"I need a million dollars to do this." You could start a QOZ Business with $5 of capital gain. If that business exits in 10 years, you owe zero on the growth. This program is not reserved for institutions.

Myth 4

"It is just like a 1031." A 1031 only defers and only works for real estate. OZ defers and ultimately eliminates taxes, and it works for any capital gain from any asset type. These are not the same tool.

OZ 1.0 2017 TO 2026 | TRANSITION 2025 TO 2026 | OZ 2.0 2027 TO 2036 | 2037 DESIGNATION CYCLE AND BEYOND

OZ 1.0 and Transition Era

Dec. 22, 2017
LEGISLATION
Tax Cuts and Jobs Act signed
OZ program created.

Jul. 9, 2018
REGULATORY
8,764 census tracts designated
Every U.S. state and territory included.

Jan. 13, 2020
REGULATORY
OZ 1.0 final regulations published in the Federal Register

Jul. 4, 2025
LEGISLATION
One Big Beautiful Bill Act signed
OZ made permanent. OZ 2.0 authorized.

Jul. 1, 2026
REGULATORY
OZ 2.0 designation period opens
90 to 120-day window for state governor nominations.

Oct. to Dec. 2026
REGULATORY
Official OZ 2.0 map expected
New zone designations announced by Treasury.

Dec. 31, 2026
HARD DEADLINE
OZ 1.0 investment window closes
Last date to generate a deferred gain under OZ 1.0. Deferred gain recognized on this date and reported on the 2026 return filed in 2027.

OZ 2.0 Era and Beyond

Jan. 1, 2027
PROGRAM
OZ 2.0 map and benefits take full effect
Rolling 5-year deferral. 10% basis step-up. 30% for rural funds. Enhanced annual reporting begins for tax years beginning after Dec. 31, 2026.

Sept. 2027
DEADLINE
End of OZ 1.0 K-1 reinvestment window
Last day to reinvest a 2026 K-1 gain under Option 3. See page 4 for detail.

Dec. 31, 2027
REGULATORY
Puerto Rico OZ 1.0 tract designations expire

Dec. 31, 2028
REGULATORY
Most OZ 1.0 census tract designations expire
Tax-free gain period begins for 2018 investors who held 10 years.

Jan. 1, 2037
PROGRAM
2037 designation cycle takes full effect
Next 10-year OZ designation cycle begins. The program continues as a permanent feature of the U.S. tax code.

Dec. 2047
DEADLINE
OZ 1.0 FMV election deadline
Last chance to sell OZ 1.0 fund and elect step-up to fair market value.

Ashley Tison

Founder, OZPros · The OZ Sherpa

Attorney, entrepreneur, and nationally recognized Opportunity Zones authority. Our team has helped investors defer over $1 billion in taxes, set up over 1,000 qualified opportunity fund entities, and guided clients through real estate, operating businesses, crypto exits, and everything in between. This is all we do, every single day.

180-Day Reinvestment Windows *for K-1 Gains*

Three possible start dates for the 180-day clock when a gain is reported on a Schedule K-1 · Investor may choose the most advantageous option

When a capital gain flows through a pass-through entity and shows up on a Schedule K-1, you have **three options for when the 180-day clock starts**. The day of the gain event counts as Day 1. This choice matters enormously in 2026. The right election can mean the difference between OZ 1.0 and OZ 2.0 treatment. Pick the option that gives you the best outcome for your situation.

EXAMPLE · SALE DATE APRIL 2, 2026 · CALENDAR-YEAR PASS-THROUGH · PARTNERSHIP RETURN DUE MARCH 15, 2027

April 2, 2026 — GAIN EVENT

Sale realized. Day 1 of Option 1 clock.

Replace with actual investor sale date. Day of gain counts as Day 1.

Sept. 28, 2026 — OPTION 1 DEADLINE

180 days from gain event. OZ 1.0 treatment.

Must invest in a QOF by this date to qualify under OZ 1.0 from the gain event date.

Sept. 29 to Dec. 31, 2026 — DEAD ZONE

No reinvestment window is open during this period.

Option 1 has expired. Options 2 and 3 are triggered by year-end events that have not happened yet.

Dec. 31, 2026 — OPTION 2 START

Entity fiscal year-end. Day 1 of Option 2 clock.

Jun. 28, 2027 — OPTION 2 DEADLINE

180 days from Dec. 31, 2026 year-end. OZ 2.0 treatment.

March 15, 2027 — OPTION 3 START

Partnership return due date. Day 1 of Option 3 clock.

Sept. 10, 2027 — OPTION 3 DEADLINE LONGEST RUNWAY

180 days from March 15, 2027. Last possible reinvestment for a 2026 K-1 gain. OZ 2.0 treatment.

Maximum flexibility. Investment made in 2027 qualifies for OZ 2.0 rules.

Option 1 From Gain Event

Clock starts: April 2, 2026
Deadline: **Sept. 28, 2026**
Treatment: OZ 1.0

Shortest window. Requires quick action.

Dead Zone

Sept. 29 to
Dec. 31, 2026

No active window. Wait for Options 2 or 3.

Option 2 From Year-End

Clock starts: Dec. 31, 2026
Deadline: **Jun. 28, 2027**
Treatment: OZ 2.0

More runway. Investment in 2027 = OZ 2.0.

Option 3 Longest Runway

Clock starts: March 15, 2027
Deadline: **Sept. 10, 2027**
Treatment: OZ 2.0

Maximum flexibility for careful planning.

OZPros Field Guide 2026

YOUR NEXT MOVE

Ready to Turn This Guide *Into Your Strategy?*

Blueprint™ is a dedicated one-on-one strategy session with Ashley Tison. Not a template. Not a webinar. You sit down with Ashley personally, walk through your specific situation, and leave with a clear roadmap and the tools to act before December 31st.

What you get: Strategy session with Ashley · Personalized OZ roadmap · Ascent community trial included

Not sure yet? Book a free 15-min clarity call →

GET YOUR BLUEPRINT

Ashley is personally in every session.

Limited availability.