

SCHEDULE
OZ
INSTRUCTIONS

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 20S and 65. Forms 20C and ET-1 filers should include the taxable gain in line 1 on page 1 of the return by completing the Schedule of Adjustments to Federal Taxable Income (Schedule FTI). 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.*** 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 20S, page 4, Schedule K, line 7b, or Form 65, page 4, Schedule K, line 8b. Forms 20C and ET-1 filers should enter this amount on Schedule FTI, line 2.

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).