



TaxNewsFlash

Exempt Organizations

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Rev. Proc. 2026-14: State procedures for nominating census tracts to be designated as QOZs, beginning July 1, 2026, and lasting 90 days

The IRS yesterday released [Rev. Proc. 2026-14](#), providing guidance to the chief executive officer (CEO) of any state, the District of Columbia, and territories of the United States, regarding the procedure for nominating population census tracts to be designated as qualified opportunity zones (QOZs) effective on January 1, 2027, for purposes of sections 1400Z-1 and 1400Z-2.

Background

First enacted in Pub. L. No. 115-97 (the “Tax Cuts and Jobs Act” (TCJA)), sections 1400Z-1 and 1400Z-2 provide temporary tax benefits—including deferral and/or elimination of capital gains taxes—to individuals investing in QOZs, which are low-income communities that were nominated by the states in 2018 to benefit from the new provisions.

As explained in an IRS release—[IR-2026-45](#) (April 6, 2026), Pub. L. No. 119-21 (the “One Big Beautiful Bill Act” (OBBBA)) created a permanent QOZ tax incentive program effective January 1, 2027, that allows the Treasury Secretary to designate new QOZs every 10 years. The OBBBA also added tax benefits specific to investments made into QOZs that are comprised entirely of a rural area.

Rev. Proc. 2026-14

Rev. Proc. 2026-14 identifies 25,332 population census tracts that are low-income communities (LICs) eligible for nomination as a QOZ. Of those, 8,334 tracts are comprised entirely of a rural area. By law, the number of population census tracts in a state that may be designated as QOZs may not exceed 25% of the number of LICs in the State. Notwithstanding the generally applicable 25% limitation, if a state contains 25 – 99 LICs, then a total of 25 eligible population census tracts may be designated, and if a state contains fewer than 25 LICs, then all eligible population tracts within the state may be designated.

Beginning on July 1, 2026, and lasting a period of 90 days (subject to a single 30-day extension), state CEOs may nominate eligible census tracts to be designated as QOZs. Following the nomination process, the Treasury Secretary will certify and designate the nominated census tracts as QOZs.

Tax-exempt organizations that are operating in or near low-income census tracts may need to consider whether they or the communities they serve might benefit from the community being designated as a QOZ.

For more information, contact your usual KPMG tax professional or one of the following Washington National Tax professionals:

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