



TaxNewsFlash

United States

No. 2026-139
June 18, 2026

Notice 2026-40: Intent to issue proposed regulations regarding qualified opportunity zones (QOZs) under sections 1400-1 and 1400Z-2

The IRS today released [Notice 2026-40](#), announcing that the Treasury Department and IRS intend to issue proposed regulations regarding QOZs under sections 1400Z-1 and 1400Z-2, as amended by the “One, Big, Beautiful Bill Act” (OBBBA), including transitional guidance related to qualifying investments under sections 1400Z-1 and 1400Z-2, as in effect prior to amendment by the OBBBA.

In particular, Notice 2026-40 provides transitional guidance:

- Under section 1400Z-1 regarding QOZ designations under the OBBBA
- For investors regarding:
 - Gain realized on or before December 31, 2026, and invested in a qualified opportunity fund (QOF) on or before December 31, 2026, or on or after January 1, 2027
 - Eligibility of inclusion event gain
- For QOFs and qualified opportunity zone businesses (QOZBs) regarding:
 - Tangible property acquired after December 31, 2026, for use in a tract that was designated as a QOZ under the Tax Cuts and Jobs Act but not designated as such under the OBBBA
 - Compliance tests after a QOZ designation period ends

It is expected that the final regulations adopting the forthcoming proposed regulations will apply to tax years ending after today, the day Notice 2026-40 was released to the public.

kpmg.com/socialmedia



The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at + 1 202.533.3712, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)