



Anneken, Huey & Moser^{PLLC}

Certified Public Accountants

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Here's the Tax Beat broadcast for September 16

Subject Line: Great Scott, It's 2026!

In 1985, a teenager named Marty McFly borrowed a DeLorean from a wild-haired scientist, hit 88 miles per hour in a mall parking lot, and woke up in 1955. Getting home was the hard part. The flux capacitor needed 1.21 gigawatts of electricity, and the only source in Eisenhower-era Hill Valley was the lightning bolt that would strike the courthouse clock tower at exactly 10:04 p.m. on November 12. Not 10:03. Not 10:05. Doc Brown had strung a cable across the street, Marty had to floor it at the precise second, and if anyone sneezed, Marty would spend the rest of his life explaining Van Halen to people who hadn't heard of Elvis yet.

Back to the Future is, at bottom, a movie about timing. And while the movie was a roaring success, the DeLorean itself was a commercial flop, with about 9,000 sales, a bankrupt company, and an unfortunate cocaine bust – before Hollywood made it immortal, that is. And Part II sent Marty to the distant future of 2015, complete with hoverboards and self-lacing Nikes. We're now well past that date, though, which teaches us the future arrives right on schedule, whether you're ready or not.

Now let's look at a group of investors who climbed into their own DeLorean time machine back in 2018.

The 2017 tax law created "Qualified Opportunity Zones," roughly 8,700 economically distressed census tracts where Washington wanted private money to flow. The deal was simple: sell something at a gain, roll that gain into a Qualified Opportunity Fund within 180 days, and defer the tax. Not forever, though. Just until you sold the fund or until December 31, 2026, whichever came first. Congress built its own clock tower and told everyone exactly when the lightning would strike. And a lot of people did the math, decided 2026 sounded like science fiction, and sent the tax bill nine years into the future.

That future is 100-odd days away.

Here's what happens next. The deferred gain lands on your 2026 Form 1040, reported on Form 8949, with Form 8997 showing your fund interest. It's taxed as the same kind of gain it was when you deferred it, at 2026 rates (up to 20%, plus the 3.8% net investment income tax). There's one sliver of relief: you recognize the lesser of the original deferred gain or the fund's value on December 31, so if your fund tanked, at least your tax bill does too. If you bought long enough ago you *might* qualify for a 10% or 15% discount. But those rules hit 88 miles per hour and vanished after 2019, leaving nothing but a pair of flaming tire tracks.

Some hoped Washington would go back and change 2017, the way Marty McFly changed 1955. The July 2025 tax law *did* reboot Opportunity Zones with rolling five-year deferrals for new investments starting in 2027. But it left the original recognition date exactly where it was. Nobody's coming to save you.

The good news is that while the tax may be fixed, but the check isn't. You've got until year-end to harvest losses against the gain. Charitable gifts of appreciated stock work best in a year when your income spikes, and this is that year. Your fourth-quarter estimate is due January 15, so run the numbers now rather than discovering them in April. And remember, the fund itself still gets the 10-year magic: hold it to 2028 or beyond and the appreciation escapes tax entirely. Paying the old bill doesn't mean abandoning the ride.

We can't send your 2018 gain any further into the future. Congress already set that clock. But call us before December 31, because where you're going, you're going to need a plan!

Kevin

