

The qualified opportunity zone (QOZ) program is a valuable new tool that offers **major tax incentives for long-term investments** in economically distressed communities.

Real estate developers, venture capitalists and entrepreneurs – or anyone who has recently generated a significant capital gain – should take note of the tax advantages for investments in real estate and in operating businesses in a QOZ. There are QOZs **located in all 50 states** as well as certain U.S. territories like Puerto Rico.

DEFERRAL

of capital gains tax until the sale of the Opportunity Fund interest or December 31, 2026 – whichever comes first

REDUCTION

of deferred capital gains tax by 10% after five years, plus an additional 5% if held for seven years

Key Tax Benefits

ELIMINATION

of all capital gains tax on the appreciation on the investment in the Opportunity Fund if that interest is held for 10+ years



What types of capital gain are eligible?

Short- and long-term gains from the sale of stocks or bonds, the sale of real or personal property, or the sale of a business or partnership interest are all eligible for favorable tax treatment if invested in an Opportunity Fund.



What's the latest from the Treasury?

The U.S. Department of the Treasury released the second set of proposed regulations on April 17, 2019. There is now clarification on several items, including flexibility on timing for compliance with asset tests, safe harbors for QOZ businesses, the treatment of inventory in transit for an operating business, expansion of the original use test for real estate and transfer events that would trigger recognition of gain.



How do I get started?

Our attorneys can help investors, developers and fund managers capitalize on the benefits of the QOZ program. We structure deals and prepare governing documents for the full range of investors, from funds with a few million dollars to funds raising in excess of \$500 million.