



Signed into law in December 2017, the Tax Cuts and Jobs Act created a new community investment program connecting private capital investors with designated low-income communities around the country called Opportunity Zones (OZs). Localities qualify as OZs if they have been nominated by the state and certified by the U.S. Department of Treasury.

Opportunity Zones are designed to provide tax incentives for investors who reinvest unrealized capital gains in new investment entities – Qualified Opportunity Funds – that will deploy the invested capital into business and real estate developments within approximately 8,700 economically distressed communities across the United States.

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Tax Benefits

Institutions and private investors, fund managers, high-net-worth individuals, family offices, corporations, real estate developers and others can realize tax benefits through the program's incentives to encourage investment.

- Investors have 180 days after realizing capital gains to invest in a Qualified Opportunity Fund, and can defer taxes on the gains until December 31, 2026.
- If the investment is maintained for five years, there is a 10 percent exclusion of the deferred gain (by a step-up in tax basis).
- If the investment is maintained for seven years another 5% is excluded, for a total 15 percent exclusion of the deferred gain (by another basis step-up).
- Upon sale of the investment, if it has been held for at least 10 years, there will be no taxes on the capital gains accrued from the investment.

How We Can Help

Our Opportunity Zone team can help clients navigate and manage a full range of OZ-related tax issues, particularly in the areas of:

- Combining OZ tax benefits with other tax incentive programs



- Creating fund projects that meet client goals
- Ensuring compliance with securities law
- Providing regulatory advice
- Qualifying for tax exemptions and complying with tax obligations
- Registering fund sponsors as investment advisors
- Working with federal agencies to resolve questions about the program

Our attorneys have followed the Opportunity Zone program closely from the beginning and are current on the benefits available to our clients and their business entities. We are ready to provide guidance that helps meet your tax and investment goals.

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