



Opportunity Zones

SUMMARY:

The Opportunity Zone program was created through the *Tax Cut and Jobs Act* signed into law on December 22, 2017 and aims to attract private investment into low-income communities. First introduced in the *Investing in Opportunity Act*, the program allows investors the ability to direct capital gains tax liabilities to Opportunity Funds. In turn, capital raised within these funds are applied towards equity investments for business and real estate in designated Opportunity Zones.

PROGRAM HIGHLIGHTS:

- Opportunity Funds utilize investments from capital gains tax liabilities to support project development in low-income communities; funds are designated by the U.S. Treasury
- The first round of Opportunity Zone designations was finalized by Treasury on June 14; all 50 states, the District of Columbia, and five U.S. territories have designated zones within their respective boundaries
- Capital eligible to be invested in Opportunity Funds features all capital gains realized by a U.S. investor in the 180 days prior to investment in the Opportunity Fund.
 - Temporary tax deferrals are available to investors for short term Opportunity Fund investments
 - Tax benefits increase when investments are maintained for five, seven, or ten years
- Opportunity Funds can invest in Opportunity Zone property such as:
 - New stock in a domestic corporation
 - Capital or profits interest in a domestic partnership
 - Tangible property used in trade or business in Opportunity Zone
- Real estate investments through Opportunity Funds must meet a significant rehabilitation requirement
- Treasury is expected to release administrative regulations providing further program guidance in late summer 2018

ADDITIONAL INFORMATION:

- NADO and the Local Support Initiatives Corporation (LISC) hosted a webinar about the Opportunity Zone program. The presentation features information on how Opportunity Zones operate and projects eligible to receive investment. Panelists offered both national and regional perspectives in approaching the new initiative.
 - Click [here](#) for the recorded presentation
 - Slides are available [here](#)
 - Questions and responses from audience can be found [here](#)
- An interactive map of designated Opportunity Zones can be viewed [here](#); a list of designated zones is available for download [here](#)
- IRS has compiled frequently asked questions (FAQs) on Opportunity Zones [here](#)