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Qualified Opportunity Zones

Our multidisciplinary team is composed of recognized thought leaders in the recently enacted Qualified Opportunity Zone (QOZ) program. We are actively engaged in transactional work with QOZ assets and are navigating the regulatory changes in real time as the QOZ landscape continues to come into focus.

We help our clients unlock the benefits of the QOZ program by developing strategies to raise QOZ advantaged “rollover” capital, creating tax compliant Qualified Opportunity Funds (QOFs), and maximizing the value of QOZ assets. We are actively involved with a broad spectrum of QOZ assets, including all categories of real estate, as well as operating companies and other active business projects. By creating a team that combines our understanding of the QOZ program and its requirements with our business-minded approach and experience in real estate, infrastructure, energy, private equity, fund formation and securities compliance, we are able to provide thoughtful and comprehensive advice to help our clients achieve their goals.

What Is a Qualified Opportunity Zone and Qualified Opportunity Fund?

The 2017 Tax Cuts and Jobs Act created a new program for QOZs that offers potentially significant tax incentives for investors to help attract funding for projects and businesses in economically distressed communities nationwide.

An Opportunity Zone is a designated economically distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. A Qualified Opportunity Fund is a fund that generally invests its assets in businesses or tangible property located in Opportunity Zones.

The Treasury Department issued Final Regulations at the end of 2019 to implement the QOZ program, including with respect to its use by operating businesses.

What Are the Tax Benefits?

Investors can achieve three significant tax benefits:

- The ability to defer short- or long-term taxable gain realized on the sale or disposition of property until as late as December 31, 2026, if the gains are invested in a QOF within 180 days of the property’s disposition.
- The elimination of up to 10% of the gain that has been reinvested in a QOF provided that a five-year holding period requirement is met.
- The potential elimination of tax on gains associated with the appreciation in the value of a QOF (including depreciation recapture), provided that the investment in the QOF is held for at least 10 years.

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Who Should Participate in Qualified Opportunity Zones?

Real estate developers, investment managers, fund sponsors, family offices, foreign investors with U.S. capital gains, institutional and private investors, entrepreneurs, small to large businesses, infrastructure funds, solar developers, cities, and urban and rural economic development associations.