

## Opportunity Zone Resource Center

### Related Practices

Real Estate  
Real Estate Tax Incentives &  
Economic Development  
Taxation

The 2017 tax act (Pub. L. No. 115-97) introduced a new program designed to encourage investments in low-income communities throughout the country that were designated as qualified opportunity zones ("Opportunity Zones"). The tax incentives for Opportunity Zone investors include:

1. Harvesting current unrealized gains (whether short-term or long-term) on a tax-deferred basis until at most December 31, 2026;
2. Stepping-up the basis on deferred capital gains invested in a Qualified Opportunity Fund ("Fund") if the Fund investment is held for at least 5 years (10 percent tax savings) or 7 years (15 percent tax savings); and
3. Eliminating tax on gain from the sale of the Fund investment if held for at least 10 years.

In October 2018 and again in April 2019, the Internal Revenue Service and the Treasury proposed regulations providing important guidance related to Opportunity Zone investments. These proposed regulations are quite detailed and complex.

The Dykema Opportunity Zone Resource Center (the "OZ Center") is intended to help our clients and interested investors better understand the rules for Opportunity Zone investing by reporting on the latest developments. We regularly update the OZ Center with general news, policy positions, publications and links to public information relevant to our clients and interested investors. We encourage you to explore the OZ Center, visit us often to review new developments, and contact any of the attorneys listed under the Professionals tab should you have any questions.

**To subscribe by email to Dykema's OZ Center Insights, please [click here](#).**

### Dykema Insights & Press Releases

- "Qualified Opportunity Zones—Benefits of Using C-Corporation Structure" (October 1, 2019)
  - "The QOZ Clock is Ticking" (August 2, 2019)
  - "Do You Know What the Capital Gains Rate Will be in 2026?" (June 26, 2019)
  - "Dykema Helps Investors Capitalize on Tax Incentives with Launch of Opportunity Zone Resource Center" (June 18, 2019)
  - "Is Growing and Dispensing Cannabis a Sin?" (June 12, 2019)
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### Internal Revenue Code

- Section 1400Z-1. Designation.
  - Section 1400Z-2. Special rules for capital gains invested in opportunity zones.
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## IRS Guidance: Treasury Regulations, Revenue Procedures and Notices

- Notice 2019-42, Amplification of Notice 2018-48 to Include Additional Puerto Rico Designated Qualified Opportunity Zones (June 26, 2019)
  - Proposed Regulations - REG-120186-18, Investing in Qualified Opportunity Funds (April 17, 2019)
  - Request for Information on Data Collection and Tracking for Qualified Opportunity Zones (April 16, 2019)
  - Proposed Regulations – REG-115420-18, Investing in Qualified Opportunity Funds (October 29, 2018)
  - Revenue Ruling 2018-29, Special Rules for Capital Gains Invested in Opportunity Zones (October 19, 2018)
  - Notice 2018-48, Designated Qualified Opportunity Zones under Internal Revenue Code § 1400Z-2 (June 20, 2018)
  - Revenue Procedure 2018-16, Procedure for designating population census tracts as Qualified Opportunity Zones (February 9, 2018)
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## Other Agency Documents: Frequently Asked Questions, News Releases, Forms, Publications

- IR-2019-75 (April 17, 2019), IRS Issues Guidance Relating to Deferral of Gains for Investments in a Qualified Opportunity Fund
  - Opportunity Zones Frequently Asked Questions
  - Form 8996, Qualified Opportunity Fund
  - Instructions for Form 8996
  - IRS Publication 5084, IRS Congressional Update Newsletter (March 21, 2019), Understanding Tax Reform Basics about Opportunity Zones
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## Selected Comment Letters to Proposed Regulations

- [Link to all Comment Letters](#)
- [ABA Tax Section Comments on Proposed Regulations Under Code Section 1400Z-2](#)
- [American College of Trust and Estate Council Comments Under Code Section 1400Z-2](#)
- [City of San Antonio Request to Extend December 2026 Deadline](#)
- [Community Progress Comment on Treasury's Notice of Proposed Rulemaking \(NPR\)](#)
- [Enterprise Comments on Second Round of IRS Proposed Regulations on Implementing the OZ Tax Incentive](#)
- [ABA Forum Comment Letter on Proposed Regulations Under Code Section 1400Z-2](#)
- [Florida Bars Tax Section's Comments on Proposed Regulations Under Code Section 1400Z-2](#)
- [Katten's Comments on Treasury's Request for Comments, Treasury Notice 84 Fed. Reg. 18652](#)
- [NYSBA Report No. 1418 on Proposed Regulations Under Code Section 1400Z-2](#)
- [Ernst & Young Comment Letter on Proposed Regulations 2 Under Code Section 1400Z-2](#)
- [State of Colorado Comment Letter on IRS Proposed Rules for Investing](#)

## Opportunity Zone Resource Center (Cont.)

- State Bar of Texas Tax Section's Comments Concerning the Deferral of Gain Recognition on Amounts Reinvested
  - State Economic Development Executives Network Comments – Opportunity Zones Hearing
  - State Bar of Texas Tax Section Discussion Outline: Comments on Proposed Regulations Under Code Section 1400Z-2
  - NALHFA Response to Treasury and IRS Guidance
  - USCM Response to IRS Notice of Proposed Rulemaking
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## Tools and Resources

- Tax Policy Center – Tract Characteristics by Opportunity Zone Designation Status
  - Joint Committee on Taxation Report on QOZs
  - Interactive Map with designated Qualified Opportunity Zones
  - OZ Mapping Tool by Opportunity360
  - OZ Mapping Tool by Novogradac
  - U.S. Department of Treasury Opportunity Zones Resources
  - Novogradac Opportunity Zone Resource Center
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## Publications, Presentations and Alerts

- Qualified Opportunity Zones: A New Tax-Advantaged Investment Strategy
  - Investing in Qualified Opportunity Funds – Presentation
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## Sample Publicly Available Private Placement Memoranda for QOFs

- Fundrise Opportunity Fund, LP
  - SkyBridge Opportunity Zone Real Estate Investment Trust, Inc.
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## Conferences and Events

- Opportunity Zone Expo, October 10, 2019, Houston
  - Novogradac 2019 Opportunity Zones Fall Conference, October 24-25, 2019, Chicago
  - IMN Opportunity Zones Forum (West), November 12, 2019, Los Angeles
  - Opportunity Zone Expo, November 14, 2019, Miami
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## State Developments

- Ohio Governor proposes 2020-2021 budget to include state tax incentives for Opportunity Zones
- California Gov. Newsom's revised proposal for state-level opportunity zone tax breaks

Opportunity Zone Resource Center (Cont.)

- Alabama Incentives Modernization Act, passed by Alabama legislature and signed into law on June 6, 2019, provides for reduction in capital gains, which are invested in approved opportunity funds, and other incentives
- Arkansas S.B. 196, enacted on February 2, 2019, adopts IRC provisions concerning opportunity zones and provides state tax incentives related to investments in opportunity zones
- Indiana S.B. 563, enacted on May 1, 2019, creates a new redevelopment tax credit
- Maryland S.B. 581, enacted on April 30, 2019, establishes an opportunity zone enhancement program
- California's Proposal on Conformity with the Opportunity Zone Program
- Maryland's Department of Housing and Community Development developed the Maryland Opportunity Zone Information Exchange