

# Anchin Alert

**Anchin, Block & Anchin LLP**  
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## **New Qualified Opportunity (Zone) Funds Offer Significant Tax Incentives for Investors**

The Economic Opportunity Zones program was created by the Tax Cuts and Jobs Act (TCJA) in December of 2017 to incentivize the private sector to invest long term in qualified low-income communities throughout the United States in order to spur economic development and job creation. The program seeks to utilize a portion of the estimated 2.3 trillion dollars of unrealized capital gains (in the stock market and mutual funds alone) for development in these designated areas.

Taxpayers can roll their gains into these new Qualified Opportunity Funds in exchange for potentially significant tax benefits. Investors in Qualified Opportunity Funds can defer the tax on the gains from the sale of assets rolled into the funds and, depending on how long they maintain the investments in such funds, they may receive an increase to their basis and tax free treatment on additional gains earned from funds invested in the fund.

Qualified Opportunity Funds can be set up as either corporations or partnerships and will generally need to hold at least 90% of their assets in Qualified Opportunity Zone Property acquired after December 31, 2017. To become a Qualified Opportunity Fund, an eligible taxpayer self certifies. No approval or action by the IRS is required. To self-certify, a taxpayer merely completes a form (which will be released in the summer of 2018) and attaches that form to their timely filed federal income tax return for the taxable year.

While the nominated zones for the program are in the final stages of being approved and designated, additional guidance on Qualified Opportunity Zones is still needed from Treasury before Funds can be formed and capital can be invested. Opportunity Zones may present a significant new opportunity both for investors as well as developers and business owners. We will continue to monitor this program and provide guidance and insight as it becomes available.

To learn more about the Qualified Opportunity Zones program and how it might benefit you or your company, contact Anchin Partner & Tax Credits & Incentives Leader, Paul Gevertzman at 212.840.3456 or via email at paul.gevertzman@anchin.com.



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