

Opportunity Zones

- The new law created Opportunity Zones. Their purpose is to rejuvenate the inner cities. All fifty (50) States have identified zones from qualifying census tracts by each State's Governor.
- Deferral can occur if Capital Gains are reinvested within 180 days after closing.
- Unlike 1031 Exchanges where a Qualified Intermediary is required, no escrow agent is mandated to reinvest the basis & defer the gain.
- The opportunity to save taxes on capital gains is enormous. Here's an example:
 - Say Lenny & Loren (L&L) sold a tract of land for \$300,000 with a \$200,000 basis. The gain is \$100,000.
 - L&L need only reinvest the gain (\$100,000) in an Opportunity Fund or Zone. They need not reinvest their basis (\$200,000) to defer the tax.
 - Should they hold the investment for five (5) years, only 85% of the gain will be taxable.
 - Should they hold the investment for more than ten (10), the gain-on-gain is tax-free.