

## Opportunity Zones

The federal Opportunity Zone program is designed to spur economic development and job opportunities in distressed communities. Investing and developing in Opportunity Zones can provide beneficial tax implications.

### **How It Works**

Opportunity Zone benefits arise as investors can defer tax on capital gains timely invested in a Qualified Opportunity Fund (QOF) that serves Opportunity Zones. The deferral period runs from the date of the investment until December 31, 2026 (or, if earlier, the date when the QOF investment is sold or exchanged). In addition to the deferral, investors maintaining their position for a period of five years benefit from a 10 percent exclusion from the deferred capital gain when realized. Investors maintaining their position for a period of an additional two years (for a total of seven years) receive an additional benefit of 5 percent exclusion (for a total of 15 percent). In addition, investors maintaining their position for 10 years or longer enjoy a complete exemption from capital gains tax on the amount of the gain that was originally invested.

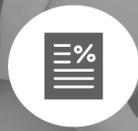
But this program can be complex and demands strict adherence to its requirements.

### **What We Do**

Parker Poe attorneys can assist project sponsors in their participation in the Opportunity Zone program. Parker Poe attorneys regularly guide clients in transactions involving various tax structures that are beneficial to investments taking many forms.

Our strong background in development, as well as our understanding of the tax implications of these deals, mean we can assist in many aspects of an Opportunity Zone transaction, including:

- Counseling in fund formation and creating the QOF.
- Counseling investors interested in participating in a QOF.
- Providing guidance in development deal structuring.
- Guiding project sponsors interested in utilizing QOF investments to assist in their projects.
- Advising operating companies considering expansion into an Opportunity Zone.
- Counseling developers on how a QOF can help them.
- Advising economic developers discussing expansions into Opportunity Zones with investors.
- Providing tax guidance on transaction documentation requirements.
- Advising on securities law aspects of Opportunity Zone investment structures.



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### Industry Focus

Parker Poe regularly works with various industries on their development and expansion needs, such as:

- Real Estate
  - Office
  - Retail
  - Multifamily
  - Mixed-Use
  - Industrial
- Hospitality
- Manufacturing & Distribution
- Education
- Health Care
- Financial Services

For more on the Opportunity Zone program, read our analyses of how businesses and investors can make the most of this federal program.