

OUR PRACTICE

Qualified Opportunity Zone Fund Investments

The Qualified Opportunity Zones Tax Incentive Program was created under the Tax Cuts and Jobs Act, which was signed into law in December of 2017. Qualified opportunity zones (QOZ) are economically distressed areas around the country that have been nominated by each state and approved by the Treasury to participate in this economic incentive. This new program has the potential to reenergize private investment on a national scale. The program will allow investors to defer tax on, and potentially exclude from tax, gains from the sale or exchange of their assets to the extent they reinvest the gains in "qualified businesses" located in Opportunity Zones.

Baker Donelson's cross-practice team of professionals can help fund managers and promoters, broker-dealers, investors, companies, developers, and economic development officials navigate the nuances of the new program.

We help our clients take advantage of the Qualified Opportunity Zones Program by:

- Advising investors on the timing and structure of the sale of assets to maximize tax benefits.
- Qualified Opportunity Fund (QOF) formation and capital raise structuring.
- Providing regulatory guidance on operating a QOF and navigating Treasury Regulations (upon implementation).
- Federal and state securities laws compliance for QOFs, including registering the fund sponsor as an investment adviser or identifying an exemption.
- Structuring the rollover of taxable gains into a QOF to ensure tax benefits are achievable.
- Performing due diligence on companies and development projects located in a QOZ to ensure the tax benefits are obtainable.
- Structuring the QOF investment in a business/development located in a QOZ to comply with all applicable laws and regulations.
- Identifying ways to pair QOZ tax benefits with other tax and economic incentive programs (e.g., New Markets Tax Credits).
- Designing compliance plans for investments in a QOF.
- Working with the Treasury and IRS to resolve questions about the program.

For more information on finding designated QOZs, please visit the U.S. Department of Treasury's [CDFI Fund website](#). The list will be updated as more opportunity zones are approved.

 [Opportunity Zone Q&A](#)
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