

# Tax Benefits of Investing in Opportunity Zones

## **Depreciation Deductions**

- Significant depreciation deductions over the life of the project
- Deductions generally equal 100% or more of investor cash investment within 5 years of the building being placed in service
- Deductions generally around 3X an investor cash investment over the depreciable life of the building (30 years)

## **Depreciation Recapture**

OZ investors get the same tax benefits from depreciation as any other market-rate project through the life of the deal, however, OZ investors do not need to recapture the depreciation as additional gains on a sale if held for 10 years – presenting a huge tax savings benefit.

## **Depreciation Losses**

Losses generated by depreciation can shelter other sources of pass through income for investors on annual basis. Unused losses are also eligible to carry forward to future years.

## **Deferral of Capital Gains**

Any gain treated as a capital gain (including 1031 gains) generated from a sale can be deferred until December 31, 2027 by investing in a QOF. Examples of capital gains eligible for investment in a QOF are: sale of a business, stock sales, and real estate sales.