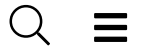


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Opportunity Zones

In 2018, the U.S. Treasury made opportunity zone designations across the country to encourage long-term investments through a federal tax incentive. Governor Brown's nomination resulted in 86 qualified opportunity zones in Oregon.

What Are Opportunity Zones?



See Oregon's Opportunity Zones



What are the Tax Advantages?



The private capital for projects or businesses in a qualified opportunity zone will arise primarily from the unrealized capital gains of U.S. taxpayers—that is, the increased value of assets (stocks, land, etc.) since they were originally purchased by the individual or corporation currently holding the asset. When an asset is sold and the gains realized, an income tax liability is normally generated.

With the opportunity zone incentive, the capital gains arising from sale to an unrelated person that are then transferred into a qualified opportunity fund within 180 days will have their tax liability delayed or deferred until December 31, 2026, at the latest. The taxpayer decides how much of his/her newly realized gains to invest, when to sell or exit that investment, or even whether to invest other moneys alongside (which would not receive these tax benefits).

In addition to deferring income taxes, by the time the investment of tax-deferred capital gains in the opportunity zone is sold or the end of 2026, whichever is earlier:

- The amount subject to taxes shrinks by 10% if the investment has been held for at least five years by 2026 (invested by 2021).
- The amount subject to taxes also shrinks to the fair market value of the investment if less than its original value.

If the value of the investment of capital gains appreciates after having been held for at least 10 years in the QOF, then those new capital gains earned in the zone are themselves completely tax free. Otherwise, the net income or proceeds generated by a zone investment are taxable. This 10-year hold on the investment in the QOF must begin on or before December 31, 2026, and the investment or interest in the QOF must be disposed of or liquidated or the gains realized on or before December 31, 2047.

Investors seeking to maximize the after tax return on their tax deferred gains could put money into qualified opportunity zones anywhere in the country, or they might be able to choose qualified opportunity funds that have a regional or other type of emphasis. Despite sharing some common geography, these tax benefits work quite

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 differently from New Market Tax Credits, or for that matter, from any other federal program or incentive. Regulations and other guidance issued by the Internal Revenue Service (IRS) have addressed critical details.

What Are Opportunity Funds?



A qualified Opportunity Fund is the required vehicle to invest into Opportunity Zones. [More information on opportunity funds \(/biz/programs/Opportunity_Zones/Pages/Opportunity-Funds.aspx\).](#)

The information here is for public education. Every effort has been made to correctly use the best, most up-to-date data, but the state cannot guarantee complete accuracy, and under no circumstances is this information warranted for investment, tax planning, or any other reason. The information contained here should not be used as the basis of any decision with financial or other consequences, and regardless, working with a qualified tax advisor is recommended.



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Additional Resources

Oregon Information

[Opportunity Funds \(/biz/programs/Opportunity_Zones/Pages/Opportunity-Funds.aspx\)](#)

[Opportunity Zone Map \(https://geo.maps.arcgis.com/apps/webappviewer/index.html?id=b0c1911ad4874692be4651d7ba71e77e\)](https://geo.maps.arcgis.com/apps/webappviewer/index.html?id=b0c1911ad4874692be4651d7ba71e77e)

[Analysis Map for Low Income Communities \(LICs\) \(https://geo.maps.arcgis.com/apps/webappviewer/index.html?id=a6137e2f3ec046fdbc5136a8e185d3c0\)](https://geo.maps.arcgis.com/apps/webappviewer/index.html?id=a6137e2f3ec046fdbc5136a8e185d3c0)

Available Properties

Listed on Oregon Prospector (<https://www.oregonprospector.com/?page=1&s%5bSortDirection%5d=true&s%5bSortBy%5d=featured&s%5bAttributes%5d=257:%5b%3D%5d1&lat=44.141926790930476&lng=-121.2577220002625&zoom=6>)

Internal Revenue Service (IRS) Resources

[Opportunity Zone FAQs \(https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions\)](https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions)

[Revenue ruling 2018-29 \(https://www.irs.gov/pub/irs-drop/rr-18-29.pdf\)](https://www.irs.gov/pub/irs-drop/rr-18-29.pdf)

[Form 8996 Qualified Opportunity Fund \(https://www.irs.gov/pub/irs-pdf/f8996.pdf\)](https://www.irs.gov/pub/irs-pdf/f8996.pdf) and [Instructions \(https://www.irs.gov/pub/irs-pdf/i8996.pdf\)](https://www.irs.gov/pub/irs-pdf/i8996.pdf)

[Form 8997 Qualified Opportunity Fund \(https://www.irs.gov/pub/irs-pdf/f8997.pdf\)](https://www.irs.gov/pub/irs-pdf/f8997.pdf)

[Form 8949 Sales & Other Dispositions of Capital Assets \(https://www.irs.gov/pub/irs-pdf/f8997.pdf\)](https://www.irs.gov/pub/irs-pdf/f8997.pdf) and [Instructions \(https://www.irs.gov/pub/irs-pdf/i8949.pdf\)](https://www.irs.gov/pub/irs-pdf/i8949.pdf)

[Treasury and IRS Issue Final Regulations on Opportunity Zones | U.S. Department of the Treasury \(https://home.treasury.gov/news/press-releases/sm864\)](https://home.treasury.gov/news/press-releases/sm864)

[Federal Register: Investing in Qualified Opportunity Funds \(https://www.federalregister.gov/documents/2020/01/13/2019-27846/investing-in-qualified-opportunity-funds\)](https://www.federalregister.gov/documents/2020/01/13/2019-27846/investing-in-qualified-opportunity-funds)

Other Federal & National Resources

[US Code Title 26 Subchapter Z \(law\) \(https://www.law.cornell.edu/uscode/text/26/subtitle-A/chapter-1/subchapter-Z\)](https://www.law.cornell.edu/uscode/text/26/subtitle-A/chapter-1/subchapter-Z)

[The White House Opportunity and Revitalization Council | U.S. HUD \(https://opportunityzones.hud.gov/thecouncil\)](https://opportunityzones.hud.gov/thecouncil)

[U.S. Treasury's CDFI Fund \(https://www.cdfifund.gov/pages/opportunity-zones.aspx\)](https://www.cdfifund.gov/pages/opportunity-zones.aspx)

[Economic Innovation Group \(EIG\) \(https://eig.org/opportunityzones/resources\)](https://eig.org/opportunityzones/resources)

[Council of Development Finance Agencies \(CDFA\) \(https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/iioa1.html\)](https://www.cdfa.net/cdfa/cdfaweb.nsf/resourcecenters/iioa1.html)

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