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IRS provides FAQs on qualified opportunity zones, under new tax law

The IRS has posted a list of “frequently asked questions” (FAQs) concerning qualified opportunity zone designations pursuant to measures in the new tax law (Pub. L. No. 115-97, enacted December 22, 2017).

The [FAQs](#) defines what is a qualified opportunity zone, what is its purpose, what is a qualified opportunity fund, and how to obtain the tax benefits for an opportunity zone. The FAQs also addresses how a taxpayer can become certified as a qualified opportunity fund.

Under the new tax law, Treasury is required to issue rules for the certification of qualified opportunity funds. The FAQs explain that approval or action by the IRS to certify a qualified opportunity fund is not required and that eligible qualified opportunity funds can self-certify. To self-certify, a taxpayer merely completes a form (which will be released in the summer of 2018) and attaches that form to the taxpayer’s federal income tax return for the taxable year.

The FAQs have a posting date of April 24, 2018.

Background

The new U.S. tax law (Pub. L. No. 115-97) generally provides for the temporary deferral of inclusion in gross income on gains reinvested in a qualified opportunity fund and the permanent exclusion of gains from the sale or exchange of an investment held for at least 10 years in a qualified opportunity fund. The new law defines:

- A qualified opportunity fund is an investment vehicle organized as a corporation or a partnership for the purpose of investing in and holding at least 90% of its assets in qualified opportunity zone property.

- Qualified opportunity zone property includes any qualified opportunity zone stock, any qualified opportunity zone partnership interests, and any qualified opportunity zone business property.

Earlier this month, the U.S. Treasury's Community Development Financial Institutions Fund (CDFI Fund) issued a list of opportunity zone designations. Read [TaxNewsFlash](#)

The [list of opportunity zones designations](#) has since been updated. Now 20 states and territories have provided designations.

For more information, contact a tax professional with KPMG's Washington National Tax:

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