

Qualified opportunity zones: Opportunities for growth



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The Tax Cuts and Jobs Act includes a new section of the tax code that allows taxpayers to take advantage of a new investment vehicle called a **qualified opportunity fund**. This fund is organized as a corporation or partnership that holds at least 90% of its assets in **qualified opportunity zone** property.

An opportunity zone, [per the IRS](#), is an economically-distressed community where new investments (under certain conditions) may be eligible for preferential tax treatment. These zones are designed to spur economic development and job creation in distressed communities.

The IRS has issued [Notice 2018-48](#), which lists the qualified opportunity zones that were previously nominated by the states and certified by the Treasury Department.

This means taxpayers who have capital gains from other projects or securities can roll those funds into a newly created qualified opportunity fund, and defer paying taxes on those gains for a period of time, and possibly exclude a portion of the gains from taxation. If there are gains created while invested in the opportunity fund and the investment is maintained for 10 years, there may be an opportunity to permanently exclude payment of tax on those gains in excess of the original deferred gain.

You do not have to live or work in a qualified opportunity zone in order to invest in a qualified opportunity fund. You can self-certify by attaching a form to your timely filed tax return.

On April 9, 2018, the Treasury Department certified 144 Kentucky census tracts and 156 Indiana census tracts as opportunity zones.

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