

## OPPORTUNITY ZONES

# When Opportunity Knocks...

Created as part of the 2017 Tax Cuts and Jobs Act, Opportunity Zones are low-income communities designated by the governor of each state to spur economic growth and large-scale development. There are more than 8,700 designated Opportunity Zones across all fifty states, the District of Columbia, and the five U.S. territories. In New York State, there are over 500 Opportunity Zones, with more than 120 in the Western New York region.

Pursuant to U.S. Treasury Regulations issued in December, 2019, taxpayers that invest in Opportunity Zones can significantly defer, reduce, or even eliminate their federal capital gains tax liability. By meeting certain regulatory requirements, Qualified Opportunity Zone investors can take advantage of three benefits:

- Temporary deferral of capital gains until the earlier of: (1) when the taxpayer sells the investment; or (2) December 31, 2026.
- Elimination of 10% of the capital gains tax otherwise due on the original investment if the taxpayer holds his/her investment for at least five (5) years. This elimination increases to 15% of the capital gains tax that would otherwise be due on the original investment if the taxpayer holds his/her investment for at least seven (7) years.
- Elimination of capital gains tax liability from the sale or disposal of the investment if the investment is held for at least ten (10) years.

What makes this program unique from other economic development tools is the flexibility it offers. Qualified investments can be in real property, personal property, original issue stock, or partnership interests. Eligible investors include individuals, C corporations (including regulated investment companies and real estate investment trusts), partnerships, corporations, and trusts and estates. Moreover, Qualified Opportunity Zone investments may still be eligible for other programs, such as historic tax credits, low-income housing tax credits, and brownfield tax credits.

## How We Can Help You Take Advantage of the Program

Investments in Opportunity Zones can be complicated because they can encompass unique deal structures, many different types of businesses, distressed properties, and more, all of which must be resolved within strict timeframes. Successfully operating in this space requires knowledge of multiple sectors to overcome regulatory hurdles efficiently. The Harter Secrest & Emery Opportunity Zones practice is a multi-disciplinary team of attorneys from the firm's Tax, Real Estate, Environmental and Land Use, Public Finance, Private Equity and Venture Capital, and Corporate practice areas. These attorneys work collaboratively to counsel investors and property owners on potential and active participation in the Opportunity Zones program.

Learn more at [hselaw.com](http://hselaw.com) or contact a Harter Secrest & Emery Opportunity Zones team member in Rochester at **585.232.6500** or in Buffalo at **716.853.1616**.



## HSE Opportunity Zones Support:

- Identifying Qualified Opportunity Zone investments
- Investing in an existing Qualified Opportunity Fund
- Forming a Qualified Opportunity Fund
- Purchasing and selling Qualified Opportunity Zone property
- Securing additional financing for Qualified Opportunity Fund investments
- Conducting due diligence and securing land use approvals for Opportunity Zone projects

In addition, the team's real estate and corporate attorneys provide day-to-day counsel to clients on the management and operations of their Opportunity Zone properties and businesses.



**Harter Secrest & Emery LLP**

ATTORNEYS AND COUNSELORS

Rochester ■ Buffalo ■ Albany ■ Corning ■ New York City

[hselaw.com](http://hselaw.com)