

# Opportunity Zone Funds

The Tax Cuts and Jobs Act (TCJA) enacted in December 2017 created a new type of investment vehicle that provides significant tax incentives, including the deferral and elimination of capital gains taxes, to taxpayers who sell appreciated property and invest the proceeds in low-income communities designated as “opportunity zones” (OZ funds). Despite this conceptual simplicity, the details of structuring an OZ fund and its investments can quickly become complicated due to uncertainties associated with certain aspects of the legislation. While OZ funds offer powerful tax incentives, they require careful planning even in the most basic business environments.

Although OZ funds can accommodate a wide variety of businesses, the opportunity zone legislation is particularly well-suited for certain types of real estate development projects, certain infrastructure and energy projects, and certain types of technology and service businesses.

Skadden has a multidisciplinary team of attorneys who have closely followed this legislation and subsequent regulatory efforts since the TCJA’s enactment and have helped numerous clients invest in opportunity zones under this regime.