

Egg Harbor Township

Opportunity Zones

History:

- Codified in IRC Sections 1400Z-1 and 1400Z-2
- Designations have been made in all fifty (50) states with more than eighty-seven hundred (8,700) tracts in all

Tax Benefits:

- **Deferral – Sale:**
 - Five (5) Years – ten percent (10%) elimination of roll-over gain
 - Seven (7) Years – fifteen percent (15%) elimination of roll-over gain
- **Deferral Election:**
 - Reference: IRS Form 8949 (<https://www.irs.gov/forms-pubs/about-form-8949>)
 - Election is filed in the year the taxpayer would have recognized the capital gain (Absent an Election)
 - Gain retains the character that exists on initial date of deferral
 - Gain taxed at capital gains rates when recognized (Not rate in effect when deferred)
 - Gain Elimination: Ten (10) Year Hold

Who gets the benefits?

- A taxpayer that rolls over long term or short term capital gains within one hundred and eighty (180) days of realization of gain into a Qualified Opportunity Fund (QOF)
- Taxpayer includes individuals, corporations, partnerships, other pass-through entities
- The taxpayer MUST acquire the interest in the QOF by making a capital contribution to the QOF
- Acquiring an interest from another holder of an interest does not qualify

Note: To be a QOF, an entity must be organized as a corporation, or partnership, or LLC treated as a partnership for tax purposes

Examples of Qualifying Subsidiary Businesses:

- Affordable & Market Rate Housing
- Mixed Use Developments
- Retail-Grocery Stores
- Research Facilities
- Sports Facilities
- Hotels
- Restaurants
- Health Clinics
- Office Buildings
- Manufacturing

Examples of Businesses That Do NOT Qualify:

- Banks
- Branch of Existing Business
- Non-Profit Corporation
- Any Business if Large Portion of Business is Liquor Sales

Reference for Regulations:

https://www.state.nj.us/dca/divisions/lps/opp_zones.html