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## Client Alert: IRS Extends Qualified Opportunity Zone Deadlines

For taxpayers utilizing or considering the use of OZ investments to defer, reduce and/or eliminate capital gains, some good news came our way last week in IRS Notice 2020-39. Amid the flurry of recent legislation responding to COVID-19 economic concerns, the ability to extend the timing by which investments and developments in OZ must be satisfied was a welcome relief to investors and developers.

Below you will find key highlights from [Notice 2020-39](#). OZ investments are a unique and effective tax planning tool and strategy. Nearly 9,000 OZ locations are designated across the United States, creating strategic opportunities for investors as well as developers and/or businesses seeking access to capital.

### **Extension of 180-Day Period to Invest**

- The 180-day period to invest a qualified gain is extended to December 31, 2020 for any taxpayer whose 180-day period was set to expire between April 1, 2020 and December 31, 2020.

### **Relief for QOFs That Fail the 90% Test**

- Any failure of the requirement that a QOF have 90% of its assets invested in qualified property between April 1, 2020 and December 31, 2020 will automatically be considered to have satisfied “reasonable cause” requirements and therefore exempt from penalties.

### **30-Month Substantial Improvement Tolloed**

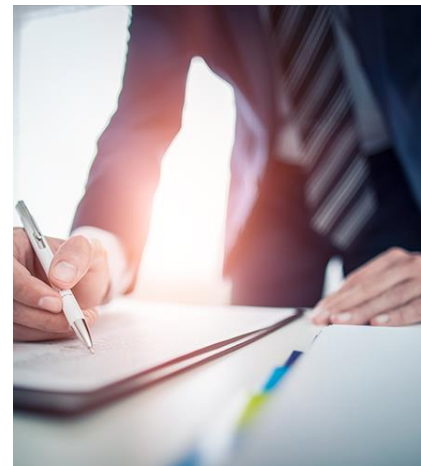
- The 30-month period to complete substantial improvements is tolled for April 1, 2020-December 31, 2020, meaning any qualified opportunity zone business availing itself to this period will have an additional 9 months to complete its substantial improvements.

### **Working Capital Safe Harbor Extended**

- Any working capital safe harbor plan in place before December 31, 2020 will be granted an additional 24 months to consume working capital assets.

### **12-Month Reinvestment Period Extended**

- QOFs that generate gains through the sale of assets have 12 months to reinvest such gains into qualified property. For any 12-month reinvestment period in effect as of January 20, 2020, the Fund will have an additional 12 months to reinvest such gain.



Please contact one of our experienced OZ attorneys to learn more!



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