

# OPPORTUNITY ZONE PROGRAM REGULATION UPDATE

The Qualified Opportunity Zone Program (“QOZ Program”) [final regulations](#) were released on December 19, 2019 by the U.S. Treasury Department, and the IRS has provided additional relief for qualified opportunity funds (“QOFs”) and their investors in response to the COVID-19 pandemic in [Notice 2021-10](#) (“Notice 2021-10”) on January 19, 2021. **As a result, investors now have additional flexibility for certain capital gains realized in 2019 or 2020 that may be eligible for an investment in the QOZ Program until March 31, 2021.**

## IRS NOTICE 2021-10

Notice 2021-10 provides additional relief for taxpayers affected by the COVID-19 pandemic. The notice extends the deadline for completing an investment in a QOF to March 31, 2021 for any investor whose 180-day investment period would have ended on or after April 1, 2020 and before March 31, 2021. Any type of capital gain, short or long-term, realized on or after October 4, 2019 is still eligible for an investment in the QOZ Program at least until March 31, 2021.

## SECTION 1231 PROPERTY GAINS AND K-1 PARTNERSHIP GAINS

The final regulations issued on December 19, 2019 provide additional flexibility for Section 1231 property gains (generally, gain from the sale of depreciable or real property used in a trade or business) and K-1 partnership gains. Under the final regulations and Notice 2021-10 investors with Section 1231 property gains and K-1 partnership gains (assuming a calendar-year partnership) realized on or after January 1, 2019, may have until March 31, 2021 to complete an investment in a QOF that is eligible for QOZ Program tax benefits.

### Section 1231 Property Gains (Not Passed Through a K-1)

Investors with Section 1231 property gains realized on or after October 4, 2019 have until March 31, 2021 to complete a QOF investment. However, investors with newly generated Section 1231 property gains from a sale or exchange that occurred fewer than 180 days prior to March 31, 2021 will only have 180 days from the date of such sale or exchange to invest in a QOF.

### K-1 Partnership Gains

Investors with K-1 gains realized in 2019 also have until March 31, 2021 to complete an investment in a QOF (assuming a calendar-year partnership) and, going forward, have three options for calculating their 180-day window resulting in additional planning options for financial advisors well beyond March 31:

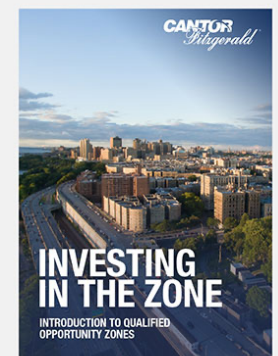
1. 180 days starting with the date the asset is sold by the partnership;
2. 180 days beginning on the last day of the partnership’s taxable year (December 31st for a calendar-year partnership); or
3. 180 days starting on the date the partnership’s tax return is due, without any extension (March 15th for a calendar-year partnership).

## OTHER DEADLINE RELIEF GRANTED BY NOTICE 2021-10

- 30-month substantial improvement period
- 90% investment standard for QOFs
- Working capital safe harbor for Qualified Opportunity Zone Businesses
- 12-month reinvestment period for QOFs

[Please contact your Cantor Fitzgerald representative to learn more.](#)

## LEARN MORE ABOUT QUALIFIED OPPORTUNITY ZONES



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