

# Treasury Releases Proposed Regulations on Opportunity Zones Designed to Incentivize Investment in American Communities

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**Washington** – The Treasury Department today issued proposed guidance related to the new Opportunity Zone tax incentive. The tax benefit, created by the 2017 Tax Cuts and Jobs Act, is designed to spur economic development and job creation by encouraging long-term investments in economically distressed communities nationwide.

“We want all Americans to experience the dynamic opportunities being generated by President Trump’s economic policies. We anticipate that \$100 billion in private capital will be dedicated towards creating jobs and economic development in Opportunity Zones,” said Secretary Steven T. Mnuchin. “This incentive will foster economic revitalization and promote sustainable economic growth, which was a major goal of the Tax Cuts and Jobs Act.”

The proposed regulations released today clarify what gains qualify for deferral, which taxpayers and investments are eligible, the parameters for Opportunity Funds, and other guidance. The proposed regulations should provide investors and fund sponsors the information they need to confidently enter into new business arrangements in designated Opportunity Zones. The Treasury Department plans on issuing additional guidance before the end of the year.

The Opportunity Zone incentive offers capital gains tax relief to investors for new investment in designated areas. Investment benefits include deferral of tax on prior gains as late as 2026 if the amount of the gain is invested in an Opportunity Fund. The benefits also include tax forgiveness on gains on that investment if the investor holds the investment for at least 10 years.

Opportunity Zones retain their designation for 10 years, but under the proposed regulations, investors can hold onto their investments in Qualified Opportunity Funds through 2047 without losing tax benefits.

Working with our partners in State and local governments, earlier this year, Treasury certified 8,761 communities in all 50 states, the District of Columbia and five U.S. territories. Nearly 35 million Americans live in areas designated as Opportunity Zones. These communities present both the need for investment and significant investment opportunities.

Based on data from the 2011-2015 American Community Survey, the designated regions had an average poverty rate of over 32 percent, compared with the 17 percent national average.

Additionally, the median family income of the designated tracts were on average 37 percent below the area or state median, and had an unemployment rate of nearly 1.6 times higher than the national average.

[View the guidance.](#) 

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