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NOVOGRADAC HAILS RELEASE OF OPPORTUNITY ZONES GUIDANCE

CPA Firm's Managing Partner Says Treasury's Guidance Will Spur Investment

SAN FRANCISCO—Thursday's long-awaited release of the first tranche of significant Treasury Department tax-related guidance for opportunity zones was hailed as a significant step for the new community development incentive by Michael J. Novogradac, managing partner of Novogradac & Company LLP, a national accounting and consulting firm.

Treasury released the highly anticipated guidance for the incentive, which was part of the tax reform legislation passed last December. The opportunity zones incentive allows investors to defer paying taxes on gains that they invest in opportunity funds, which then invest in low-income areas designated as qualified OZs.

“This guidance focuses on a number of ‘gating’ issues that have been keeping potential investors on the sidelines. Now that they have answers to many previously unanswered questions, investors—and others involved in community development—better understand many tax aspects of the OZ incentive,” said Novogradac, who was attending the Novogradac 2018 New Markets Tax Credit Fall Conference in Austin, Texas. “There is tremendous potential in the OZ incentive to generate investment in communities that need it the most. This guidance will help unleash the flow of capital to businesses in distressed areas. We appreciate the effort expended by Treasury and the IRS to get to this point, and look forward to additional guidance as Treasury moves beyond ‘gating’ issues and addresses a variety of other issues for which clarification is still needed.”

Among those who submitted comment letters to the Treasury Department about the OZ incentive in recent months was the Opportunity Zones Working Group, a group of investors, syndicators, lenders and others involved in the OZ incentive hosted by Novogradac & Company. The Opportunity Zones Working Group will continue to be engaged with Treasury as more guidance

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is released and as the proposed regulations become final. For more information or to join the working group, visit www.opportunityzonesresourcecenter.com.

To assist the development community to understand and begin using this new incentive, Novogradac & Company LLP last month hosted its first Opportunity Zones Conference in New Orleans and will host OZ conferences in April 2019 and October 2019. In addition, Novogradac provides OZ news, analysis and other information at www.opportunityzonesresourcecenter.com and in the Novogradac Journal of Tax Credits. Novogradac will host a webinar on the OZ incentive Nov. 14. Visit www.novoco.com for more information.

About Novogradac

Novogradac began operations in 1989 and has grown to more than 600 employees and partners with offices in 27 cities. Tax, audit and consulting specialty practice areas for Novogradac include affordable housing, community development, historic rehabilitation and renewable energy. The firm recently launched a new practice focused on the opportunity zones incentive.