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CONTACT

Michael J. Novogradac
Novogradac & Company LLP
415.356.8000

FOR IMMEDIATE RELEASE

Novogradac Opportunity Zones Working Group Issues Letter to IRS Working Group Comments on Proposed Opportunity Zones Regulations

SAN FRANCISCO—The Novogradac Opportunity Zones (OZ) Working Group issued a letter to the Department of Treasury (Treasury) and the Internal Revenue Service (IRS), commenting on issues raised by recent proposed Treasury regulations concerning OZs and providing recommended solutions and responding to specific requests solicited by Treasury and the IRS.

The OZ Working Group is hosted by Novogradac and consists of participants in the community development finance field who work together to suggest consensus solutions to technical OZ incentive issues.

“The opportunity zones incentive has tremendous capacity to increase investment of equity capital in low-income communities and thoughtful guidance from Treasury and the IRS will help assure that happens,” said Michael J. Novogradac, CPA, managing partner of Novogradac & Company LLP. “We are encouraged by the responsiveness of Treasury and the IRS to our prior comments and members of the working group have collaborated to come up with practical solutions to some of the remaining issues.”

The initial tranche of proposed Treasury regulations concerning OZs were issued Oct. 19, 2018, and further guidance is expected soon.

MORE

NOVOGRADAC & COMPANY LLP

P 415.356.8000
F 415.356.8001
W www.novoco.com

**OFFICE
MAIL**

1160 Battery Street, East Building, 4th Floor, San Francisco, Calif. 94111
PO Box 7833, San Francisco, Calif. 94120-7833



“Many of the threshold issues for OZs were thoughtfully addressed by Treasury and the IRS in proposed regulations issued October 2018,” said John Sciarretti, CPA, head of the Novogradac OZ Working Group. “We’re grateful that Treasury and the IRS solicited feedback and believe that our suggestions can help inform constructive revisions to this first tranche of regulations.”

The Novogradac OZ Working Group letter highlights 13 issues, including the definitions of “original use” and “substantial improvement,” special rules for pass-through entities, and the valuation methodology for applying the 90 percent and 70 percent asset tests.

For each of the 13 issues, the Novogradac OZ Working Group makes a recommendation for revisions to proposed regulations. A copy of the letter can be found online at www.opportunityzonesresourcecenter.com.

About Novogradac & Company

Novogradac began operations in 1989 and has grown to more than 700 employees and partners with offices in 28 cities. Tax, audit and consulting specialty practice areas for Novogradac include affordable housing, community development, historic rehabilitation and renewable energy. At the beginning of 2017, the firm launched a new practice focused on the opportunity zones incentive.