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Novogradac Opportunity Zones Working Group Suggests Items for 2020-2021 Priority Guidance Plan

Letter Identifies 11 Areas that IRS Should Address to Make OZ Incentive More Efficient

SAN FRANCISCO—Guidance from the U.S. Department of Treasury has clarified many issues for the opportunity zones (OZ) incentive, but there remain some outstanding issues for investors and other stakeholders that could be addressed in by the Internal Revenue Service (IRS), according to a letter submitted by the Novogradac [Opportunity Zones Working Group \(OZWG\)](#) last week.

The OZWG [submitted a letter to the IRS](#) in response to the IRS request for suggestions for its 2020-2021 Priority Guidance Plan. This week's OZWG letter includes 11 issues.

The OZWG includes investors, syndicators, lenders, community development entities and other OZ stakeholders who work together to suggest consensus solutions to technical OZ incentive issues and provide recommendations to make the incentive more efficient in delivering benefits to low-income communities. Novogradac is a national accounting and consulting firm that specializes in affordable housing, community development, historic preservation and renewable energy and has more than 25 offices nationwide.

“We appreciate all the work the IRS and Treasury have done to clarify issues concerning the OZ incentive with the regulations already issued,” said John Sciarretti, head of the OZWG and a Novogradac partner in the firm's Dover, Ohio, office. “This letter continues our ongoing effort to work with the IRS to identify areas that need additional guidance and suggest solutions.”

MORE

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This and other issues for the OZ incentive will be discussed at the [Novogradac 2020 Opportunity Zones Fall Virtual Conference](#), Oct. 22-23. Panelists at the event will include representatives of Sen. Tim Scott, R-S.C., Rep. Ron Kind, D-Wis., as well as a variety of experts and stakeholders on the OZ incentive.

The OZWG letter highlights the 11 items for inclusion in the Priority Guidance Plan, with the goal of bringing clarity to issues that affect a broad class of taxpayers, reducing controversy and promoting a uniform approach for taxpayers.

The letter suggests the IRS clarify how a qualified opportunity fund (QOF) may determine compliance with the 90 percent investment standard, satisfy the 70 percent tangible property standard and other qualified OZ business requirements during the working capital safe harbor period and more. It also requests the IRS to provide relief from the substantial consistency requirement due to a federally declared disaster, provide a revenue procedure to determine how to apply the related-party rules to components of self-constructed property and to clarify that QOFs can preserve compliance with qualified OZ property requirements after the OZ designation expires.

About Novogradac

Novogradac began operations in 1989 and has grown to more than 600 employees and partners with offices in more than 25 cities. Tax, audit and consulting specialty practice areas for Novogradac include affordable housing, opportunity zones, community development, historic rehabilitation and renewable energy