



## Client Alert: New Proposed Regulations on Qualified Opportunity Funds Released

The United States Department of Treasury issued additional Proposed Regulations on investments in Qualified Opportunity Funds earlier this week, on April 17, 2019 (available [here](#)). We are currently reviewing the recently issued guidance and will send out an additional Client Alert with commentary. While we work to further analyze the new guidance, we anticipate clarification on a variety of issues that may have otherwise caused hesitation by many investors.

As part of the Tax Cuts and Jobs Act signed into law in December 2017, new Section 1400Z-2 was added to the Internal Revenue Code to encourage investments in low-income communities through Qualified Opportunity Funds. Under this new Section, taxpayers that sell certain appreciated assets and invest in Qualified Opportunity Funds may potentially (i) defer capital gain from the sale of the assets, (ii) reduce the deferred capital gain, and (iii) eliminate future gain arising out of appreciation in the Qualified Opportunity Fund investment.

The Department of Treasury previously released initial guidance on the rules for qualifying investments in Qualified Opportunity Funds, including Proposed Regulations and a Revenue Ruling. We previously circulated a Client Advisory (available [here](#)) that discussed this initial guidance.

**If you have any questions regarding the contents of this Client Alert or investments in Qualified Opportunity Funds, please contact:**



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