

# Opportunity Zones

Enacted on December 22, 2017, the Tax Cuts and Jobs Act, made several significant changes to the tax code. One of these changes included a new tax incentive program, Internal Revenue Code Subchapter Z – Opportunity Zones, aiming to promote investments in designated low-income census tracts. Participating investors may benefit from deferred and reduced capital gains, including zero tax on the appreciation of the investment at disposition.

## How It Works

All or a portion of realized capital gains is invested in these economically underperforming areas or “opportunity zones” either directly or through a Qualified Opportunity Zone Fund (QOF).

### The investment offers three potential tax benefits:



A deferral of the tax on realized capital gains until the earlier of the disposition of the investment or December 31, 2026.

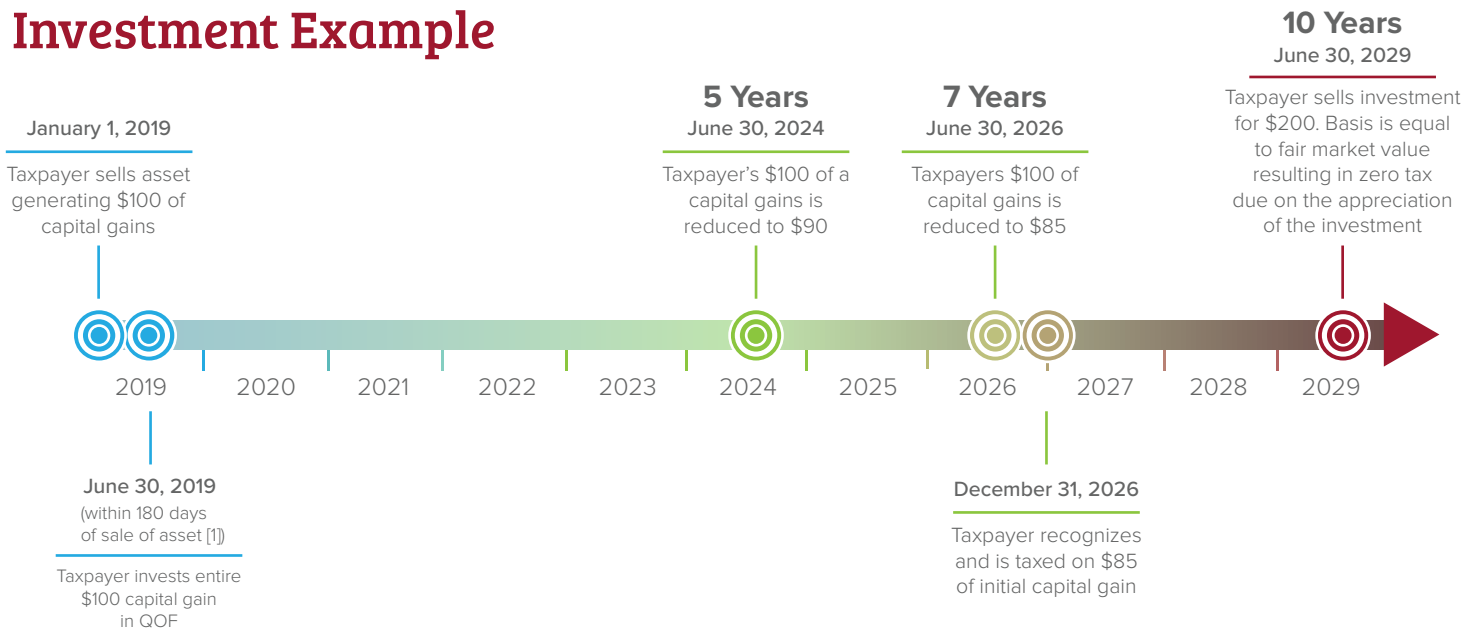


A 10% reduction of the tax if the investment is held for 5 years by December 31, 2026, or date of disposition, and an additional 5% reduction if held for seven years (15% total).



No taxable gain on the sale or exchange if investment is held for 10 or more years.

## Investment Example



Under the traditional system, the investor would owe approximately \$24 in federal tax (assuming 20% capital gains rate and 3.8% net investment income tax) compared to \$20 if invested in a Qualified Opportunity Zone. \*Rates are estimates and are subject to change. Please consult your tax advisor.

[1] Investors receiving gains on a K1 may be able to elect December 31 as the date of the gain, regardless of the date of the actual sale.

## Where are the Opportunity Zones?

A list of the Nebraska opportunity zones can be found here:  
<https://opportunity.nebraska.gov/program/opportunity-zones/>

