



Adam M. Cohen

Partner
303.295.8372
Denver
acohen@hollandhart.com

IRS Releases Notice 2020-39 Providing Opportunity Zone Investments

Insight — 06/08/2020

On June 4, 2020, the IRS released Notice 2020-39 to provide a number of extensions related to Opportunity Zone investments. These supersede the extension granted in Notice 2020-23. Specifically, the following extensions were granted:

- If the 180th day after a gain is recognized falls between April 1, 2020 and December 31, 2020, the taxpayer will have until December 31, 2020 to make an investment in a qualified opportunity fund (“QOF”).
- For QOFs with testing dates for their 90-percent requirements between April 1, 2020 and December 31, 2020, the failure to meet the 90-percent requirement will be disregarded for purposes of determining whether the QOF satisfies the requirement and will not give rise to penalties (as having been deemed to be due to reasonable cause).
- For non-new tangible property acquired by a QOF or a qualified opportunity zone business (“QOZB”), the 30 months to substantially improve such property is tolled for 9 months (from April 1, 2020 to December 31, 2020).
- For QOZBs with a “working capital safe harbor” before December 31, 2020, the QOZB will have an additional 24 months (i.e., potentially up to 86 months) to expend the working capital.
- If a QOF had previously disposed of a qualifying investment and was seeking to reinvest in a new qualifying investment (which it is required to do within 12 months of the disposition to be treated as continuously invested in qualifying investments) and if the 12 month period includes January 20, 2020, the QOF will have an additional 12 months to make the reinvestment.

While these extensions are automatic, QOFs and QOZBs and investors investing in QOFs still must comply with the tax filing requirements applicable to them.

Subscribe to get our Insights delivered to your inbox.

This publication is designed to provide general information on pertinent legal topics. The statements made are provided for educational purposes

only. They do not constitute legal or financial advice nor do they necessarily reflect the views of Holland & Hart LLP or any of its attorneys other than the author(s). This publication is not intended to create an attorney-client relationship between you and Holland & Hart LLP. Substantive changes in the law subsequent to the date of this publication might affect the analysis or commentary. Similarly, the analysis may differ depending on the jurisdiction or circumstances. If you have specific questions as to the application of the law to your activities, you should seek the advice of your legal counsel.