

AN OVERVIEW OF THE OPPORTUNITY ZONES PROGRAM

1 Investors sell off assets, generate capital gains.



2 Gains invested in “Opportunity Fund”¹ within 6 months.²

ORIGINAL TAX DEFERRAL - Tax on original gains is deferred until earlier of (i) date investment is sold or (ii) 2026.



3 OZ Fund makes equity investments in “OPPORTUNITY ZONE BUSINESSES” within 6-12 months of raising capital.³



4 INVESTORS HOLD OZ FUND INTEREST FOR **5+ YEARS**⁴

ORIGINAL TAX REDUCTION
Original tax payable reduced by:
10% (if held for 5+ years)
15% (if held for 7+ years)

5 INVESTORS “CASH OUT” OF OZ FUND AFTER **10+ YEARS**⁵

NO TAX ON APPRECIATION
No cap. gains tax owed on appreciation of investment if held for 10+ years.

General Notes

1. An “Opportunity Fund” is just an LLC or other entity used to make OZ investments. Investors can create their own or use a third party fund.
2. Investors have more time if gains come from “pass through” entities, like partnerships.
3. Opportunity Zone businesses can be just about any real estate development or operating company that complies with certain regulatory guidelines. For more information about what qualifies as an Opportunity Zone business, see opportunityalabama.com/resources
4. OZ Funds must keep 90% of capital raised invested in stock or partnership interests of OZ businesses or tangible property used in OZs. This requirement is tested twice annually.
5. This assumes an investor wants to remain in a deal through 2026 in order to get the 10-year hold benefit described above. If an investor divests before 2026, they will defer paying tax on the original gain until the date they divest and owe tax on their original gain on that divestment date.