



IRS Re-Extends Many Deadlines for Qualified Opportunity Funds

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February 2020

Recently released [IRS Notice 2021-10](#), provides additional relief for “qualified opportunity funds” (“QOFs”), their investors and “qualified opportunity zone businesses” extending many of the previously extended deadlines due to the Coronavirus.

Previously, the IRS extended the 180-day deadline for taxpayers to invest eligible capital gains into a QOF to July 15, 2020 (<https://bhlawpllc.com/publication/irs-extends-deadline-to-invest-in-a-qualified-opportunity-fund/>) and also extended the deadlines discussed below to December 31, 2020. (<https://bhlawpllc.com/publication/irs-extends-many-deadlines-for-qualified-opportunity-funds/>)

Notice 2021-10 provides relief by extending the following deadlines:

1. **180-day Investment Period:** A taxpayer with eligible capital gain whose 180-day deadline to invest in a QOF falls on or after April 1, 2020 automatically now has until March 31, 2021 to invest in a QOF.
2. **90% Asset Test Compliance:** A QOF whose testing dates to meet the requirement that it hold at least 90% of its assets in “qualified opportunity zone property” fall between April 1, 2020 and June 30, 2021 will automatically be deemed to have reasonable cause for failing to meet the requirement and that period will be disregarded for determining whether the QOF satisfies the requirement for any taxable year.
3. **Substantial Improvement Period:** The 30-month period in which the QOF must substantially improve original use property is tolled during the period beginning on April 1, 2020 through March 31, 2021.
4. **Working Capital Safe Harbor:** All “qualified opportunity zone businesses” holding working capital assets covered by the working capital safe harbor before June 30, 2021 have an additional 24 months to expend the working capital assets. This includes any relief provided under Notice 2020-39, for a maximum safe harbor period of not more than 55 months (or 86 months for start-up businesses).
5. **QOF Reinvestment Period:** If a QOF's 12-month reinvestment period to reinvest any “qualified opportunity zone property” sold or distributed to the QOF includes June 20, 2020, then the QOF has up to an additional 12 months to reinvest in other “qualified opportunity zone property” in the manner intended before the pandemic. This includes any relief provided under Notice 2020-39, for a maximum reinvestment period of not more the 24 months total.



Please contact any member of our Opportunity Zone Team to discuss the program and compliance requirements.

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