



Opportunity Zones

Maintain Optionality – Defer and Explore

This document is intended to provide information to help investors understand aspects of the relevant regulations issued by the Treasury related to Opportunity Zone investing. Nothing contained in this document should be considered legal or tax advice and investors should consult their legal and tax advisors before making any decision to defer capital gains or make an Opportunity Zone investment.

As the deadline approaches for investors to defer their taxes on K-1 allocated gains, investors should strongly consider creating a QOF and maintaining their optionality to invest in Opportunity Zones. If you have already decided not to invest in Opportunity Zones you can stop reading now. However, if you want to keep your options open, you can easily defer and explore. To accomplish this objective and gain additional time to consider Opportunity Zone investments, investors need to create and fund a Qualified Opportunity Fund (“QOF”) by June 28th.

What do you achieve by funding your QOF before the deadline? You give yourself options. What is the impact of not deferring before the deadline? You permanently lose any option to defer the current taxes on your allocated gains.

If you fund a QOF you can spend the next 180 days looking at potential investments in Opportunity Zones. If you determine that suitable investments are not available, you can elect to unwind the QOF and simply pay the taxes due on the allocated K-1 gains. If you’ve already paid the estimated tax on April 15th, deferral gives you another 3 ½ months to evaluate your options with no impact other than the cost of setting up the QOF. Most importantly, this strategy buys an investor time to become better educated on Opportunity Zone investment opportunities and gain a better understanding of how the investor or family office can efficiently and effectively develop an investment program that takes full advantage of the law and corresponding tax benefits. If you decide to proceed, one option is forming a Qualified Opportunity Zone Business (“QOZB”) that can fulfill your investment objectives over a longer investment time frame.

JMP OppZone Services (“JMP”) provides turnkey solutions to quickly form and fund a QOF. JMP can assist investors in exploring their options. Our services expand to fully support Opportunity Zone investment programs including meeting the compliance and reporting requirements mandated under the law. If you would like more information on how we can assist you in meeting the rapidly approaching deadline to defer your K-1 allocated gains, please contact us.

About JMP OppZone Services LLC – JMP OppZone Services (“JMP”) assists investors interested in taking advantage of the tax deferral opportunities associated with Opportunity Zone investments. JMP also assists project sponsors in creating commingled vehicles to pool assets to fund investments in Opportunity Zone locations. JMP provides investors with a platform that provides maximum flexibility to leverage the benefits of the law and corresponding regulations. We can assist with getting the clock started on the deferral and holding periods. Through our network of professionals, JMP assists with structuring and support services to form the QOF creating a structure through an underlying investment in a Qualified Opportunity Zone Business (“QOZB”) that provides the investor with time to evaluate, select and invest in appropriate Opportunity Zone investments.