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IRS Guidance Provides Flexibility for Disaster-Related Extension of OZ Working Capital Safe Harbor.

The Internal Revenue Service (IRS) will publish in Wednesday's Federal Register a notice of proposed rulemaking for the opportunity zones (OZ) incentive that provides flexibility in the 24-month extension of the working capital safe harbor in the case of federally declared disaster areas. The proposed rule would allow qualified OZ businesses to revise or replace the original written designation and written plan and remain eligible for the safe harbor, provided that the remaining working capital assets are expended within the original 31-month period, increased by the 24 additional months provided. Taxpayers may rely on those changes for taxable years beginning after Dec. 31, 2019. The notice also provides guidance on standards certain foreign persons and foreign-owned partnerships must meet to receive federal tax benefits from the OZ incentive and regulations to reduce or eliminate withholding on transfers that create certain gain.

This and other guidance will be discussed at the Novogradac 2021 Spring Opportunity Zones Virtual Conference, **April 22-23**.

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