

§ 11(a)(26), Dec. 29, 2007, 121 Stat. 2487, related to education tax benefits.

Section 1400P, added Pub. L. 109-135, title I, § 103(a), Dec. 21, 2005, 119 Stat. 2594, related to housing tax benefits.

Section 1400Q, added Pub. L. 109-135, title II, § 201(a), Dec. 21, 2005, 119 Stat. 2596, related to special rules for use of retirement funds.

Section 1400R, added Pub. L. 109-135, title II, § 201(a), Dec. 21, 2005, 119 Stat. 2601, related to employment relief.

Section 1400S, added Pub. L. 109-135, title II, § 201(a), Dec. 21, 2005, 119 Stat. 2604; amended Pub. L. 110-172, § 11(a)(14)(C), Dec. 29, 2007, 121 Stat. 2485, related to additional tax relief provisions.

Section 1400T, added Pub. L. 109-135, title II, § 201(a), Dec. 21, 2005, 119 Stat. 2607, related to special rules for mortgage revenue bonds.

Section 1400U-1, added Pub. L. 111-5, div. B, title I, § 1401(a), Feb. 17, 2009, 123 Stat. 348, related to allocation of recovery zone bonds.

Section 1400U-2, added Pub. L. 111-5, div. B, title I, § 1401(a), Feb. 17, 2009, 123 Stat. 349, related to recovery zone economic development bonds.

Section 1400U-3, added Pub. L. 111-5, div. B, title I, § 1401(a), Feb. 17, 2009, 123 Stat. 350, related to recovery zone facility bonds.

### Statutory Notes and Related Subsidiaries

#### SAVINGS PROVISIONS

Pub. L. 115-141, div. U, title IV, § 401(d)(6)(C), Mar. 23, 2018, 132 Stat. 1211, provided that: “The amendments made by this paragraph [amending sections 38, 280C, 6033, and 6049 of this title and repealing sections 1400L to 1400U-3 of this title] shall not apply to—

“(i) in the case of the repeal of section 1400L(a) of the Internal Revenue Code of 1986, qualified wages (as defined in such section, as in effect before its repeal) which were paid or incurred before January 1, 2004,

“(ii) in the case of the repeal of subsections (b) and (f) of section 1400L of such Code, qualified New York Liberty Zone property (as defined in section 1400L(b) of such Code, as in effect before its repeal) placed in service before January 1, 2010,

“(iii) in the case of the repeal of section 1400L(c) of such Code, qualified New York Liberty Zone leasehold improvement property (as defined in such section, as in effect before its repeal) placed in service before January 1, 2007,

“(iv) in the case of the repeal of section 1400L(d) of such Code, qualified New York Liberty bonds (as defined in such section, as in effect before its repeal) issued before January 1, 2014,

“(v) in the case of the repeal of section 1400L(e) of such Code, advanced refundings before January 1, 2006,

“(vi) in the case of the repeal of section 1400L(g) of such Code, property which is compulsorily or involuntarily converted as a result of the terrorist attacks on September 11, 2001,

“(vii) in the case of the repeal of section 1400N(a) of such Code, obligations issued before January 1, 2012,

“(viii) in the case of the repeal of section 1400N(b) of such Code, advanced refundings before January 1, 2011,

“(ix) in the case of the repeal of section 1400N(d) of such Code, property placed in service before January 1, 2012,

“(x) in the case of the repeal of section 1400N(e) of such Code, property placed in service before January 1, 2009,

“(xi) in the case of the repeal of subsections (f) and (g) of section 1400N of such Code, amounts paid or incurred before January 1, 2008,

“(xii) in the case of the repeal of section 1400N(h) of such Code, amounts paid or incurred before January 1, 2012,

“(xiii) in the case of the repeal of section 1400N(k)(1)(B) of such Code, losses arising in taxable years beginning before January 1, 2008,

“(xiv) in the case of the repeal of section 1400N(l) of such Code, bonds issued before January 1, 2007,

“(xv) in the case of the repeal of section 1400Q(a) of such Code, distributions before January 1, 2007,

“(xvi) in the case of the repeal of section 1400Q(b) of such Code, contributions before March 1, 2006,

“(xvii) in the case of the repeal of section 1400Q(c) of such Code, loans made before January 1, 2007,

“(xviii) in the case of the repeal of section 1400R of such Code, wages paid or incurred before January 1, 2006,

“(xix) in the case of the repeal of section 1400S(a) of such Code, contributions paid before January 1, 2006,

“(xx) in the case of the repeal of section 1400T of such Code, financing provided before January 1, 2011, and

“(xxi) in the case of the repeal of part III [§§ 1400U-1 to 1400U-3] of subchapter Y of chapter 1 of such Code, obligations issued before January 1, 2011.”

For provisions that nothing in repeal by Pub. L. 115-141 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Mar. 23, 2018, for purposes of determining liability for tax for periods ending after Mar. 23, 2018, see section 401(e) of Pub. L. 115-141, set out as a note under section 23 of this title.

### Subchapter Z—Opportunity Zones

Sec.

1400Z-1. Designation.

1400Z-2. Special rules for capital gains invested in opportunity zones.

#### § 1400Z-1. Designation

##### (a) Qualified opportunity zone defined

For the purposes of this subchapter, the term “qualified opportunity zone” means a population census tract that is a low-income community that is designated as a qualified opportunity zone.

##### (b) Designation

###### (1) In general

For purposes of subsection (a), a population census tract that is a low-income community is designated as a qualified opportunity zone if—

(A) not later than the end of the determination period, the chief executive officer of the State in which the tract is located—

(i) nominates the tract for designation as a qualified opportunity zone, and

(ii) notifies the Secretary in writing of such nomination, and

(B) the Secretary certifies such nomination and designates such tract as a qualified opportunity zone before the end of the consideration period.

###### (2) Extension of periods

A chief executive officer of a State may request that the Secretary extend either the determination or consideration period, or both (determined without regard to this subparagraph),<sup>1</sup> for an additional 30 days.

###### (3) Special rule for Puerto Rico

Each population census tract in Puerto Rico that is a low-income community shall be deemed to be certified and designated as a

<sup>1</sup> So in original. Probably should be “paragraph”.

qualified opportunity zone, effective on the date of the enactment of Public Law 115-97.

**(c) Other definitions**

For purposes of this subsection—

**(1) Low-income communities**

The term “low-income community” has the same meaning as when used in section 45D(e).

**(2) Definition of periods**

**(A) Consideration period**

The term “consideration period” means the 30-day period beginning on the date on which the Secretary receives notice under subsection (b)(1)(A)(ii), as extended under subsection (b)(2).

**(B) Determination period**

The term “determination period” means the 90-day period beginning on the date of the enactment of the Tax Cuts and Jobs Act, as extended under subsection (b)(2).

**(3) State**

For purposes of this section, the term “State” includes any possession of the United States.

**(d) Number of designations**

**(1) In general**

Except as provided by paragraph (2) and subsection (b)(3), the number of population census tracts in a State that may be designated as qualified opportunity zones under this section may not exceed 25 percent of the number of low-income communities in the State.

**(2) Exception**

If the number of low-income communities in a State is less than 100, then a total of 25 of such tracts may be designated as qualified opportunity zones.

**(e) Designation of tracts contiguous with low-income communities**

**(1) In general**

A population census tract that is not a low-income community may be designated as a qualified opportunity zone under this section if—

(A) the tract is contiguous with the low-income community that is designated as a qualified opportunity zone, and

(B) the median family income of the tract does not exceed 125 percent of the median family income of the low-income community with which the tract is contiguous.

**(2) Limitation**

Not more than 5 percent of the population census tracts designated in a State as a qualified opportunity zone may be designated under paragraph (1).

**(f) Period for which designation is in effect**

A designation as a qualified opportunity zone shall remain in effect for the period beginning on the date of the designation and ending at the close of the 10th calendar year beginning on or after such date of designation.

(Added Pub. L. 115-97, title I, §13823(a), Dec. 22, 2017, 131 Stat. 2183; amended Pub. L. 115-123, div. D, title II, §41115, Feb. 9, 2018, 132 Stat. 161.)

**Editorial Notes**

REFERENCES IN TEXT

The date of the enactment of Public Law 115-97, referred to in subsec. (b)(3), is Dec. 22, 2017.

The date of the enactment of the Tax Cuts and Jobs Act, referred to in subsec. (c)(2)(B), probably means the date of enactment of title I of Pub. L. 115-97, which was approved Dec. 22, 2017. Prior versions of the bill that was enacted into law as Pub. L. 115-97 included such Short Title, but it was not enacted as part of title I of Pub. L. 115-97.

AMENDMENTS

2018—Subsec. (b)(3). Pub. L. 115-123, §41115(a), added par. (3).

Subsec. (d)(1). Pub. L. 115-123, §41115(b), inserted “and subsection (b)(3)” after “paragraph (2)”.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE

Section effective on Dec. 22, 2017, see section 13823(d) of Pub. L. 115-97, set out as an Effective Date of 2017 Amendment note under section 1016 of this title.

**§ 1400Z-2. Special rules for capital gains invested in opportunity zones**

**(a) In general**

**(1) Treatment of gains**

In the case of gain from the sale to, or exchange with, an unrelated person of any property held by the taxpayer, at the election of the taxpayer—

(A) gross income for the taxable year shall not include so much of such gain as does not exceed the aggregate amount invested by the taxpayer in a qualified opportunity fund during the 180-day period beginning on the date of such sale or exchange,

(B) the amount of gain excluded by subparagraph (A) shall be included in gross income as provided by subsection (b), and

(C) subsection (c) shall apply.

**(2) Election**

No election may be made under paragraph (1)—

(A) with respect to a sale or exchange if an election previously made with respect to such sale or exchange is in effect, or

(B) with respect to any sale or exchange after December 31, 2026.

**(b) Deferral of gain invested in opportunity zone property**

**(1) Year of inclusion**

Gain to which subsection (a)(1)(B) applies shall be included in income in the taxable year which includes the earlier of—

(A) the date on which such investment is sold or exchanged, or

(B) December 31, 2026.

**(2) Amount includible**

**(A) In general**

The amount of gain included in gross income under subsection (a)(1)(A) shall be the excess of—

(i) the lesser of the amount of gain excluded under paragraph (1) or the fair market value of the investment as determined