WHAT DOES IT TAKE TO BE A QUALIFIED OPPORTUNITY ZONE BUSINESS?

As small businesses often struggle to access capital from traditional venture capital and private equity sources due to the business' scale and growth trajectory, it is important for business owners to take advantage of funding whenever possible. Below, we summarize the IRS guidance issued to help you determine if your business might qualify as an Opportunity Zone Business.

First you must be:

PARTNERSHIP OR CORPORATION

LOCATED IN QUALIFIED OZ

Then you gotta pass these five tests:

70% TANGIBLE PROPERTY

Exactly 70% or more of the tangible property owned or leased by the business must be Qualified Opportunity Zone Business Property ("QOZBP"), located in a QOZ.

50% GROSS INCOME

At least 50% of the gross income of the business must be derived from the active conduct of a QOZB within a QOZ.

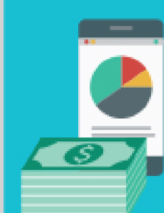
METHODS

- **HOURS** OF WORK
- **COST** OF SERVICES
- **BUSINESS** FUNCTIONS & TANGIBLE PROPERTY

40% INTANGIBLE PROPERTY

A substantial portion of the business' intangible property (at least 40%) must be used in the active conduct of a qualified business in a QOZ.

5% FINANCIAL ASSETS



No more than 5% of the average of the aggregate unadjusted basis of the business' property must be attributable to nonqualified financial property.

NOT A SIN BUSINESS

Your business may not be engaged in a "sin" business (i.e. liquor store, race track, etc.)

Visit our blog post for full details on how to be a qualified opportunity zone business:
www.pidcphilablog.com/qualified-opportunity-zone-business

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