

# Qualified Opportunity Zones Funds vs. 1031 Exchanges

	QOZ Funds	1031 Exchanges
Eligible Gains	Any capital gain, regardless of the asset that generated it	Limited to gains from real property held for investment or used in a trade or business
Reinvestment of Proceeds	Only reinvest capital gain; can reinvest basis but it will not receive tax benefits	Must reinvest all proceeds and have same or greater amount of debt
Time Period to Reinvest	180 days (with certain exceptions); gain must be triggered on or before 12/31/2026	45-day identification period and 180 day reinvest period; no investment deadline
Replacement Asset	Qualified Opportunity Fund (invests 90% of assets in QOZ Property)	Real property; must be "like-kind"
Location of Replacement Asset	Designated Opportunity Zones	50 U.S. states, D.C., Guam and Virgin Islands
Qualified Intermediary	Not necessary	Generally required to hold proceeds or property
Minimum Holding Period	At least 10 years to achieve maximum tax benefit	None, but subject to "held for" requirement
Deferral of Capital Gain Tax on Relinquished Asset	Deferred until 2026; 10%/15% step-up in basis after 5/7 year holding period	Deferred indefinitely; may be eliminated upon investor's death
Tax on Gain of Generated by Replacement Asset	Eliminated if held for 10 years; may be eliminated upon investor's death	Due upon sale of asset; may be eliminated upon investor's death



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