

# IRS Notice; Certain Taxpayers who recognized a gain in 2019 have until March 31, 2021 to invest in a Qualified Opportunity Fund

January 20, 2021

## *IRS Alert*

Under a new IRS Notice, certain Taxpayers who recognized a gain in 2019 have until March 31, 2021 to invest in a Qualified Opportunity Fund. On January 19, IRS issued Notice 2021-10, which automatically extends several deadlines that had previously been extended under Notice 2020-39 issued on June 4, 2020 and Notice 2020-23 issued on April 9, 2020.

Now, for any 180-day period that ends on or after April 1, 2020 and before March 31, 2021, the deadline is automatically extended to March 31, 2021. Last year's Notice 2020-39 had granted an extension to December 31, 2020.

Effectively, this means that for any gain recognized by an individual on or after October 4, 2019 and before October 2, 2020, there is no 180-day period but rather a single deadline of March 31, 2021. The deadline to invest in a Qualified Opportunity Fund for these taxpayers is now automatically extended to March 31, 2021. This period covers the stock market sell-off that occurred in late February and early March of last year.

For taxpayers using gain reported on a partnership Schedule K-1, the new March 31, 2021 deadline applies to any gain recognized by the partnership on or after January 1, 2019. Normally, a taxpayer using gain reported on a K-1 can elect to begin the 180-day period on the due date of the passthrough entity's tax return (not including extensions). For 2019 partnership returns, this due date was March 15, 2020. The end of the 180-day period that began on March 15, 2020 is September 11, 2020, a date which falls into the window that is now eligible for extension to March 31, 2021 under this new notice.

Other deadline relief granted by this notice are applicable to:

- 30-month substantial improvement period
- QOF 90% asset test
- QOZB working capital safe harbor
- QOF 12-month reinvestment period

## Attorneys

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- Matt Campbell

## Practices

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- Income Tax Planning & Controversy