

Publications

Client Alert: Ohio Opportunity Zone Tax Credit Application Period Opens January 2, 2020

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By: **Christopher Knezevic**

Taxpayers interested in claiming the Ohio Opportunity Zone Tax Credit (OZ Tax Credit) for tax year 2019 should be aware that the window to apply for the first come, first served tax credit will open on January 2, 2020 at 10:00am EST. The window to apply will close on January 31, 2020 at 5:00pm EST.

To be eligible for the OZ Tax Credit, a taxpayer must invest in an Ohio Qualified Opportunity Fund (Ohio QOF), which in turn must invest that money in projects located in Ohio Opportunity Zones. In general, the nonrefundable credit is equal to 10% of the amount invested by the Ohio QOF in projects located in Ohio Opportunity Zones.

The OZ Tax Credit application must be filed electronically through Ohio Development Services Agency's (Development) online application portal. The application is expected to be available in mid-December. Once the application portal goes live, taxpayers will be able to complete and save their application, but will not be able to submit the application until the application period opens on January 2, 2020.

The application, pursuant to the Ohio Revised Code, shall include (i) the amount of the taxpayer's investment in the Ohio QOF, or in each Ohio QOF if the taxpayer invested in more than one such fund, during the qualifying taxable year, and (ii) a statement from an employee or officer of each Ohio QOF identified by the taxpayer certifying the amount of the taxpayer's investment in the fund and the amount of that investment that was invested in projects located in Ohio Opportunity Zones. Development may require applicants to provide additional information.

Development will review and award qualified applications in the order applications are received. OZ Tax Credits will be issued until all qualified taxpayers are awarded tax credits or the total amount of OZ Tax Credits issued reaches \$50 million, whichever comes first. The maximum amount of OZ Tax Credits a taxpayer can receive in any fiscal biennium

is \$1 million. Once a taxpayer is determined to have qualified for the OZ Tax Credit, the Department shall issue a tax credit certificate within 60 days after the receipt of a completed application. A taxpayer claiming an OZ Tax Credit shall submit a copy of the certificate to the Ohio Department of Taxation with the taxpayer's tax return. Note, the OZ Tax Credit is transferable. A taxpayer may notify the Tax Commissioner in writing that the taxpayer is transferring the right to claim the OZ Tax Credit.

Vorys encourages you to contact your Vorys attorney with any questions you may have. For questions on Qualified Opportunity Zones or other incentives matters, please contact: Joseph B. Mann, 614.464.6313, jbmenn@vorys.com; Scott J. Ziance, 614.464.8287, sjziance@vorys.com; or Christopher J. Knezevic, 614.464.5627, cjknezevic@vorys.com.