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Business attorney Frank Lauletta comments on opportunities for investors in New Jersey based on the Tax Cuts & Jobs Act

The Tax Cut & Jobs Act provides changes and incentives that could create opportunities for New Jersey real estate investors, comments attorney Frank A. Lauletta

Frank Lauletta, Partner at the Law Firm Lauletta Birnbaum

PHILADELPHIA, PENNSYLVANIA, UNITED STATES, July 30, 2018 /EINPresswire.com/ -- The Tax Cuts and Jobs Act of 2017 was enacted on December 22, 2017. Explains attorney Frank Lauletta: "The Tax Cut and Jobs Act provides changes and incentives that could create opportunities for New Jersey real estate investors. For instance, the Act imposes a $10,000 cap on the itemized deduction of state and local income and property taxes, in many cases making home ownership more expensive than renting. This could result in greater rental demand especially in states such as New Jersey where property taxes are so high. This would obviously be a benefit for apartment investors."

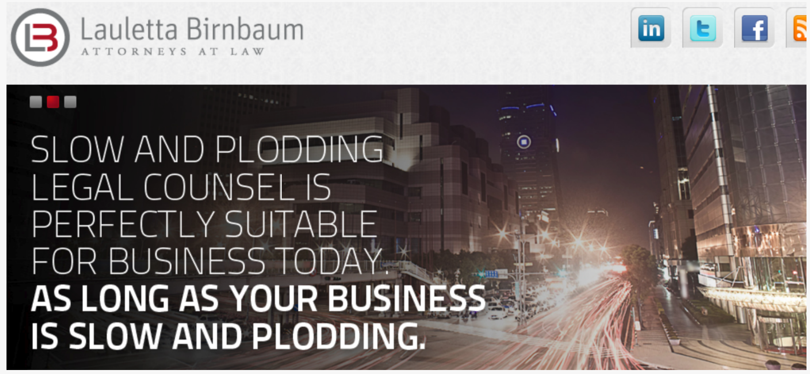
Mr. Lauletta then focuses on the tax breaks that are afforded to investors under the Act. The Act included Internal Revenue Code §1400Z, which provides tax incentives for investments in qualified Opportunity Zones through investment vehicles called Qualified Opportunity Funds. These funds are designed to encourage investments into low-income communities, which are designated by the state as Qualified Opportunity Zones.

> "… although I doubt that this Act will … cause many real estate investors to enter into new markets …, those investors already active in these opportunity zones may be incentivized …"
>
> *Frank Lauletta, Attorney at Lauletta Birnbaum*

Within each state the number of Qualified Opportunity Zones may equal up to 25 percent of the number of low-income communities within that state. However, if there are less than 100 low income communities, than a total of 25 tracts may be designated as Qualified Opportunity Zones. Up to five percent of the tracts designated in a State may be non-low-income communities if the tract is both contiguous with the low-income community and the median family income of the tract does not exceed 125 percent of the median family income of the low-income community. In New Jersey, there are 169 opportunity zones, which in southern New Jersey include Camden, Deptford, Woodbury, Lindenwold, Pine Hill, Carneys Point, Egg Harbor City, Glassboro, Salem, Vineland, Egg Harbor Township, Bridgeton, Millville, Pleasantville, Atlantic City, Somers Point, Lower Township and Wildwood. [FN1]

If an investor realizes a gain from a sale or exchange of a capital asset from an unrelated party, the investor may defer realization and taxation if, within 180 days from the date of such sale or exchange, the investor reinvests the gain amount with a cash investment into a Qualified Opportunity Fund. A Qualified Opportunity Fund is an investment vehicle that must hold at least 90 percent of its assets in designated Qualified Opportunity Zone properties. Opportunity zone property means property which is an opportunity zone stock, an opportunity zone partnership interest, or an opportunity zone business property. A qualified opportunity zone business property means tangible property used in a trade or business if (i) such property is acquired after December 31, 2017, (ii) the fund substantially improves [FN2] the property, and (iii) substantially all of the use of the property is in a Qualified Opportunity Zone.

Mr. Lauletta explains: "The tax advantages are three-fold. First, the tax that would otherwise be payable in connection with the sale of the prior capital asset is deferred until either the opportunity investment is sold or exchanged or December 31, 2026, whichever date comes first. As part of the deferral, the basis assigned to the replacement Qualified Opportunity Zone property of course starts at $0, however, the second advantage allows this basis to increase based upon the duration of the investment in the Qualified Opportunity Fund. If the investment is held for at least 5 years, the basis will increase by 10 percent of the amount of gain deferred. If the investment is held for at least 7 years, the basis will increase an additional 5 percent or 15 percent of the deferred amount in total. The third tax advantage is realized if the taxpayer holds Opportunity Zone Property in the Opportunity Fund for at least 10 years. If this is the case, then the basis of the Opportunity Zone Property will be the fair market value on the date it is sold. This means that no additional capital gains tax, beyond what is due on December 31, 2026, will be due when the taxpayer sells the Opportunity



Website of Lauletta Birnbaum, Frank Lauletta, Partner

Frank A. Lauletta, Business Attorney

Overview

Frank Lauletta is an experienced corporate attorney who has many years of "hands on" experience in private and public companies. His practice focuses heavily on representing and counseling a broad array of companies in corporate transactions such as venture capital, corporate finance, and mergers and acquisitions. Frank also has extensive experience representing companies and shareholders in connection with drafting and negotiating shareholders agreements and buy-sell agreements and also frequently represents clients involved in partnership disputes and shareholder oppression actions. with his broad legal experience, executive-level background, and extensive relationships in the legal, venture capital, and high technology communities, Frank is uniquely suited to serve as outside general counsel to clients.

Working closely with executive management teams, Frank currently serves in this capacity to a number of software and other technology-based companies throughout the United States.

Frank is frequently relied upon to help develop sales, licensing and royalty-based models for companies in the software, cloud, energy, medical and other intellectual property and technology-based industries. Frank also assists companies in developing their form sales, licensing, terms of use, distribution, employment and other agreements. Since 1997, Frank has negotiated and closed hundreds of software licensing, distribution, technology, joint venture, construction and other complex agreements with dozens of Fortune 500 and international companies with annual transaction values ranging from hundreds of thousands to multiple millions of dollars.

Frank Lauletta, Attorney Profile at solomonlawguild.com

Lauletta Birnbaum, Attorney Frank A. Lauletta

Office of Lauletta Birnbaum, Frank Lauletta, Partner

Zone Property."

Mr. Lauletta concluded that "although I doubt that this Act will in and of itself cause many real estate investors to enter into new markets they are currently not invested in, those investors already active in these opportunity zones may be incentivized to expand their investment activity."

About Lauletta Birnbaum

Lauletta Birnbaum has offices in Sewell, NJ and Philadelphia, PA and provides a full spectrum of corporate, transactional, and litigation services to businesses and individuals throughout the country in various industries such as real estate, construction, insurance and banking, intellectual property, software and licensing, data, and media. Designed to maximize flexibility and value, the firm offers real-world business strategy and legal expertise, often serving as outside general counsel to its clients. To learn more, visit http://lauletta.com/

Frank Lauletta was selected as a finalist for "Attorney of the Year" by SmartCEO's Power Players Awards (2014), http://smartceo.com/2014-philadelphia-power-playersfrank-lauletta/ and selected as a "Best Attorney in Business" by South Jersey Biz magazine (2014, 2015), http://www.southjerseybiz.net/articles/?articleid=879, http://southjerseybiz.net/articles/?articleid=1061

[FN1] The following link contains a map of the New Jersey Designated Opportunity Zones: https://www.state.nj.us/dca/divisions/lps/pdf/Statewide_Designated_Opportunity_Zones_Map.pdf

[FN2] "Substantially improves" means that the investor must invest an amount equal to or greater than the cost to initially acquire the property. In other words, at least 50% of the total investment amount must be used toward improving the property.

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