

SPEAKER: Paul Saint-Pierre, PSP Advisors (407) 353-3618

HEARING: IRS Hearing on Investing in Qualified Opportunity Funds

DATE: February 14, 2019

BACKGROUND REFERENCE: PSP Advisors' comment letter submitted on December 28, 2018

TOPIC: THE INVESTOR/TAXPAYER PREFERENCES RELATED TO INVESTMENT FUNDS (incl. QUALIFIED OPPORTUNITY FUNDS) (TOTAL 9 MINUTES)

A. OVERVIEW COMMENTS (1 MIN)

- How opportunity funds are significantly different from to other tax-advantaged funds (RICs, REITs, BDCs, etc)
- The failure of tax compliance at the fund level has material consequences to the investors attempting to realize the tax-advantages of Secion 1400Z

B. INVESTOR CONCERNS RE SECTION 144Z-2(c) (3 MINUTES)

- requirement to "sell or exchange" investment interest creates undue complications for QOF investors

C. REGULATION PROPOSAL Section 1.1400Z2(a)-1(b)(4)(i)(D) - CHAIN-LINKED DEFFERAL OF GAINS (3 MINUTES)

- A great concept for the fund investor to protect the deferral and/or the forgiveness of recognition of capital gains, and consideration of additional sell/exchange options would be favorable to for fund investors (capital mobility, QOF consolidations, etc)

D. THE IMPORTANCE OF FUND VALUATION REQUIREMENTS (3 MINUTES)

- Fund valuation checkpoints at 12.31.2026, periodically after 10 year anniversary, and 12.31.2047