

Direct v. Indirect OZ Investments

Direct Investment (QOF directly owns QOZBP and operates business)	Indirect Investment – Preferred Method (QOF owns QOZB, which in turn owns QOZBP and operates business)
90/10 Test 90% of QOF assets must be Qualified Opportunity Zone Business Property (QOZBP).	70/30 Test 70% of QOZB assets must be Qualified Opportunity Zone Business Property (QOZBP).
No working capital safe harbor ; absent further guidance, all cash would be counted toward the 5% financial property of assets that can be non-QOZBP.	Working Capital Safe Harbor applies to allow unlimited amount of cash as long as entity substantially complies with a written plan of deployment of a trade or business including acquisition, construction and/or rehabilitation of property or development of an operating business.
No active conduct standard.	50% gross income from active conduct of trade or business.
“Sin businesses” allowed.	“Sin businesses” not allowed.