

Schedule OZ

Rev. Aug 30 19
Rep. Jan 12 21



CAPITAL GAINS INVESTED IN AN ELIGIBLE OPPORTUNITY FUND

(Under Section 1031.06 of the Puerto Rico Internal Revenue Code of 2011, as amended)

20__

Taxable year beginning on _____, _____ and ending on _____, _____

Complete this schedule *only* if you realized a gain in the sale or exchange of a capital asset that you invested or plan to invest, in whole or in part, in an eligible opportunity fund as provided by Section 1031.06 of the Puerto Rico Internal Revenue Code of 2011, as amended (Code).

Taxpayer's name

Social Security or Employer Identification Number

Computation of Gain

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1. Date of sale or exchange (day, month, year).....	(01)	/ /
2. Selling price.....	(02)	00
3. Selling expenses.....	(03)	00
4. Total realized (Subtract line 3 from line 2).....	(04)	00
5. Adjusted basis	(05)	00
(a) Includes prepayment: (06) <input type="radio"/> 1 Yes <input type="radio"/> 2 No (See instructions)		
(b) Date acquired (day, month, year).....	(07)	/ /
6. Gain realized on sale or exchange (Subtract line 5 from line 4).....	(08)	00
7. Was the gain invested, in whole or in part, in an eligible opportunity fund as provided by Section 1031.06 of the Code? (09) <input type="radio"/> 1 Yes <input type="radio"/> 2 No		
If the answer is "Yes", enter:		
(a) Date of investment (day, month, year)	(10)	/ /
(b) Amount invested	(11)	00
8. If you have not invested the gain, in whole or in part, do you intend to do so within the term established in Section 1031.06 of the Code? (12) <input type="radio"/> 1 Yes <input type="radio"/> 2 No. If the answer is "Yes", enter the amount that you will invest	(13)	00
NOTE: If the capital gain is not invested in an eligible opportunity fund, within the term established in Section 1031.06 of the Code, such gain shall be recognized as taxable in the year in which the capital asset was sold or exchanged. Any tax resulting from recognizing said gain in the return, will be subject to the payment of the corresponding interests and surcharges as provided by the Code.		
9. Taxable capital gain (Subtract lines 7(b) and 8 from line 6. Transfer to the "Gain or Loss" column of Part I or II, as applicable, of the corresponding Schedule D)	(14)	00



Rev. Mar 11 21

SCHEDULE OZ

CAPITAL GAINS INVESTED IN AN ELIGIBLE OPPORTUNITY FUND (Under Section 1031.06 of the Puerto Rico Internal Revenue Code of 2011, as amended)

INSTRUCTIONS

This Schedule should be completed by any taxpayer who is an individual, trust, estate, corporation, partnership or corporation of individuals in order to determine the realized gain in the sale or exchange of a capital asset in cases where it has been invested or expected to be invested, in whole or in part, in an Eligible Opportunity Fund (Fund) under Section 1031.06 of the Puerto Rico Internal Revenue Code of 2011, as amended (Code).

General information

As established on Section 1031.06 of the Code, taxpayer may elect to exclude from gross income part of the realized gain related to the sale or exchange of a capital asset between the taxpayer and an unrelated person during the taxable year in which the transaction occurred provided that it is invested in a Fund within one hundred and eighty (180) days from the day of such sale or exchange.

Election

The election may be made on gains from sale or exchanges realized after November 7, 2018 but not after December 31, 2026.

An election should not be made with respect to a transaction for which a previous election has been made and this election is valid.

Capital gain deferral

The deferred gain shall be recognized in the taxable year on which the investment in the Fund is sold or exchanged or December 31, 2026, whichever occurs first.

In general, the amount of capital gain to be included in the taxpayer's gross income shall be the excess of: the lesser of the amount of capital gain excluded from gross income or the fair market value of the investment determined as of the date of sale or exchange, over the taxpayer's basis in the investment in the Fund.

The determination of the taxpayer's basis in the investment in the Fund varies according to the period of time the investment was held.

For additional details on the treatment and recognition of the capital gain as well as the determination of the taxpayer's basis in the investment in the Fund, refer to Section 1031.06 of the Code.

Computation of gain

In order to determine the capital gain, you must provide date of sale or exchange of the property, sale price, selling expenses, adjusted basis and date of purchase of the capital asset as requested on **lines 1 through 5** of this Schedule.

Sale expenses include sales commissions, advertisements, legal fees, appraisal and other similar expenses. They do not include lodging expenses (i.e. hotels) nor travel expenses (i.e. airplane tickets).

As a general rule, the **adjusted basis** of the property is its original cost plus the cost of the permanent improvements, less depreciation, if the property was leased during its possession.

Provisions applicable to the adjusted basis of certain capital assets

The adjusted basis must include the increase in accumulated value of capital assets on which a prepayment was made for the special tax of:

- 5%, or 10% in the case of corporations, during the period between July 1 and December 31, 2006, as provided in Section 1014A and Section 1121A of the Puerto Rico Internal Revenue Code of 1994, as amended (1994 Code), and of
- 8%, or 12% in the case of corporations, during the period between July 1, 2014 and April 30, 2015, as provided in Section 1023.21 and Section 1023.22 of the Puerto Rico Internal Revenue Code of 2011, as amended (2011 Code).

Those taxpayers who benefited from the special tax rate, must indicate it by selecting "Yes" on **line 5** of this Schedule. **You must keep for your records Form SC 2731 with the corresponding Schedule.**

Line 7 - Indicate if the realized gain included on **line 6** of this Schedule was invested, in whole or in a part, in a Fund. In this case, include the date of investment and the amount invested.

Line 8 - If you have not invested the gain, but intend to do so within the period established in Section 1031.06 of the Code, answer "Yes" and include on this line the amount that you will invest.

Is important to note that if the capital gain is not invested in a Fund within the term established in Section 1031.06 of the Code, such gain shall be recognized as taxable in the year in which the capital asset was sold or exchanged. Any tax due from recognizing the capital gain in the return will be subject to the payment of the corresponding interests and surcharges as provided by the Code.

Line 9 - Enter on this line the result of subtracting the amount invested in a Fund, as reflected on **line 7(b)** or **8** from the gain realized on the sale or exchange, as included on **line 6**. Transfer the result to the "Gain or Loss" column of Part I or II, as applicable, of the corresponding Schedule D.