

PARK VIEW

2025 CAPITAL GAINS DEFERRAL



Your Clients May Still Be Able to Defer Their 2025 Capital Gains



People who realized a capital gain in 2025 may be able to use Qualified Opportunity Fund tax incentives to defer it, even if they've already filed their taxes. This can also open up future tax planning options in the process. Here's how financial advisers can help with that.

Here is a question worth considering if you sold an appreciated asset in 2025: Could you benefit from moving that capital gain out of your 2025 tax year entirely?

Recent legislation made Qualified Opportunity Fund (QOF) tax incentives a permanent feature of the U.S. tax code; taxpayers can defer a capital gain by reinvesting it into a QOF within 180 days of the deemed realization date.

The regulations governing when the eligibility window begins are often more flexible than taxpayers and financial advisers realize.

Almost any capital gain qualifies: Stock sales, real estate, business exits, crypto, partnership interests, Section 1231 gains and even the capital gain portion of REIT or RIC dividends. The primary exclusion is a gain treated as ordinary income, including depreciation recapture.

Additionally, there are no minimum or maximum investment requirements. A gain of \$10,000 or \$10 million is equally eligible.



Who Is Still in the Tax Deferral Window?

For direct sales of stock, real estate or a business, the 180-day clock starts on the closing date of the transaction. Investors with transactions that closed in the second half of 2025 may still have time remaining.

For investors who received capital gains through a partnership or S corporation, the window is longer still. The final Treasury regulations give these investors three options for when their 180-day clock begins:

- **Option 1 – default:** The last day of the entity’s taxable year. For a calendar-year partnership or S corporation, that is December 31, 2025, giving investors until June 29, 2026, regardless of when during 2025 the underlying asset was sold.
- **Option 2 – elective:** The entity’s return due date, without extension, typically March 15, 2026, for partnerships and S corporations, extending the deadline to September 11, 2026.
- **Option 3 – elective:** The same date the partnership’s own 180-day period began — the date of the underlying sale. This is the shortest of the three options and is useful mainly for investors who learn of the gain promptly and want to act immediately.

Beneficiaries of decedents’ estates and non-grantor trusts have access to the same three options. Grantor trust gains follow direct-sale timing.

2025 Capital Gains: Eligibility at a Glance

Gain source	180-day clock starts	Latest possible deadline
Direct sale (stock, real estate, business, crypto)	Date of sale or exchange	Sale date + 180 calendar days e.g., October 31, 2025 → April 29, 2026
Partnership / S corp / Estate / Non-grantor trust	Three options (investor elects): 1. Date of sale (partnership’s own window) 2. December 31, 2025 — entity year-end (default) 3. March 15, 2026 — return due, no extension	September 11, 2026
Grantor trust	Date of underlying sale	Sale date + 180 calendar days
REIT / RIC capital gain dividend	Close of shareholder’s tax year (default) or date dividend paid (by election)	June 29, 2026 (default)

Note: Deadlines are counted in calendar days. Under IRC Section 7503, if a deadline falls on a Saturday, Sunday or federal holiday, it extends to the next business day.

Already Filed? The Door May Still Be Open

A QOF investment can be made even after a tax return has been filed. As long as the taxpayer makes the qualifying investment within the applicable 180-day window, they can amend the return to complete an eligible QOF investment.

This is fundamentally different from a 1031 exchange. In a 1031 transaction, filing a tax return before the exchange is completed terminates the exchange, and the mistake cannot be cured by amending the return.

Deferral as a Tax Planning Asset

To understand the planning value, it helps to understand exactly what the deferral mechanism does and doesn't do. Investing in a QOF does not change the character of the original capital gain:

- A long-term gain stays long-term
- A short-term gain stays short-term
- Gains from collectibles remain gains from collectibles

The only thing that changes is the realization date. The gain is deferred and unrecognized until the QOF investment is sold or the statutory deferral period ends. At that point, it is recognized exactly as it would have been originally, just in a later tax year.

That timing shift is where the planning value lives. Because the investor controls when the QOF investment is sold, they can determine when the deferred gain is recognized.

That flexibility can prevent the gain from pushing the taxpayer into a higher marginal bracket, triggering IRMAA surcharges for Medicare, increasing the taxation of Social Security benefits, or crowding out Roth IRA conversion capacity during the pre-RMD window, among other planning considerations.



The point is that the deferral decision creates tax planning options.

There is also a longer-term strategy that can position an investor for opportunity zone (OZ) 2.0. When a QOF investment is sold, the deferred gain is recognized at that time, complete with a fresh 180-day window to reinvest in another QOF and continue the deferral.

The current statutory deferral period ends December 31, 2026, although the tax elimination benefit for investors who hold a QOF for at least 10 years continues through 2047.

The new OZ 2.0 legislation offers enhanced incentives, but only for QOF investments made on or after January 1, 2027. An investor who defers a 2025 gain into a QOF today can later sell that position, triggering a fresh 180-day reinvestment window.

This gives them the potential to reinvest in a QOF in 2027, capturing the enhanced OZ 2.0 tax incentives, a planning approach known as the “bridge strategy.” Deferring now preserves future tax planning options.



Example: Shifting Income Recognition

In 2025, the owner of a growing business experiences a peak income year. At year-end, they sell the business and retire. As they review their 2025 tax situation in the spring of 2026, they realize that the combination of high earned income and the capital gain on the sale of the business has created an inefficient after-tax result.

They may be facing higher effective tax rates, exposure to net investment income tax (NIIT), higher Medicare surcharges and the phaseout of the bonus deduction for people 65 and older and other benefits they had been expecting.

Fortunately, it is not too late for OZ tax incentives to defer recognition of last year’s taxable capital gain. By deferring recognition of the gain into a lower-income retirement year, the taxpayer can materially improve after-tax outcomes. And depending on the situation, the eligibility window may still be open well into 2026.



The Conversation Advisers Can Have with Their Clients

Tax season presents a timely opportunity for advisers to have this conversation with their clients. Clients are reviewing 2025 capital gain line items and writing checks to the IRS, often with no idea that the gain could still be redirected. The question is straightforward: When did the gain occur, and how was it generated?

A direct sale in the second half of 2025 may still fall within the 180-day window. A K-1 gain from a partnership or S corporation almost certainly will. Even a client who has already filed may still have the ability to amend.

The 180-day window is one of the few provisions in the tax code that gives investors a genuine second look at a completed transaction. Advisers who ask the right questions will find that the opportunity is more common than many practitioners expect.



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You may visit our website at www.parkviewozreit.com to view our full investor presentation and access our electronic investor [subscription agreement](#).

Opportunity Zone investments involve specific requirements and considerations, so we encourage all prospective investors to review our [offering circular](#) and consult with a qualified tax professional before making any investment decision.

Park View OZ's SEC filings are available at:

<https://www.sec.gov/cgi-bin/browse-edgar?CIK=1824204>

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