



COHESIVE
we know the code

The GO Zone

FEDERAL TAX INCENTIVES FOR HURRICANE KATRINA

1) What is the Go Zone?

The Gulf Opportunity Zone Act of 2005 establishes tax incentives and bond provisions to rebuild the local and regional economies devastated by hurricanes Katrina, Rita, and Wilma. The act is commonly referred to as the "GO Zone Act."

2) When did the Go Zone start?

H.R. 4440 passed by Congress on Dec. 16, 2005, and signed by President Bush on Dec. 21, 2005

3) When is the last date to buy property in the Go Zone?

December 31, 2009

4) What is the 50% write off?

The bonus depreciation allows for a single one time write off of 50% of the depreciable basis of the property.

5) Who can take the write off

One way to take full advantage of the bonus depreciation and the other rental real estate write off, you must qualify as a real estate professional by actively participating in the "business of renting" the property.

6) What are the Go Zone areas?

KATRINA COVERED DISASTER AREAS ARE:

ALABAMA

The counties of Baldwin, Bibb, Choctaw, Clarke, Colbert, Cullman, Greene, Hale, Jefferson, Lamar, Lauderdale, Marengo, Marion, Mobile, Monroe, Perry, Pickens, Sumter, Tuscaloosa, Washington, Wilcox, & Winston.

FLORIDA

The counties of Bay, Broward, Collier, Escambia, Franklin, Gulf, Miami-Dade, Monroe, Okaloosa, Santa Rosa, & Walton.

LOUISIANA. All parishes.

MISSISSIPPI. All counties.

7) Is there a limit on the number of properties I can buy in the Go-Zone?

No, there is no limit on the number of properties you can purchase.

8) What happens if I zero out my income?

You will then generate a net operating loss that you can carry back five years or carry forward 20 years to offset prior or future income.

9) Does the property have to be a brand new construction?

Yes, the property has to be new construction.

10) Is the bonus depreciation limited to single family home or can I buy apartments, commercial buildings or a duplex?

The incentive is available for any type of rental real estate.

11) What will COHESIVE™ do?

COHESIVE™ will provide you with the property tax planning to assist you with the write-off you need. Closing on a Go Zone will give you one of the biggest tax write-offs available in years. Go to the Go Zone.



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Karla Dennis is the Principal of COHESIVE™. She is a licensed Enrolled Agent and seasoned investor. COHESIVE™ provides tax planning, consulting and tax preparation for investors nationally.

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