



Tax

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Honors and Rankings

PRACTICE

Chambers Global 2010

- US Tax: Corporate & Finance

Chambers USA 2010

- Tax Controversy: Nationwide
- Tax: Corporate & Finance: Nationwide
- Tax: DC
- Tax: Employee Benefits & Executive Compensation: Nationwide
- Tax: Employee Benefits & Executive Compensation in the District of Columbia

Legal 500 US 2010

- Domestic Tax: East Coast
- Tax Controversy: Nationwide

Practical Law Company 2010

- Tax in the US and DC

US News-Best Lawyers "Best Law Firms" 2010

- Employee Benefits (ERISA) Law: DC
- Tax Law: DC
- Tax Law: National
- Tax Law: Phoenix

Clients "rely on the firm for expert tax advice on the most sophisticated matters..."

Legal 500 USA 2010

ATTORNEYS

Arizona Business Magazine: Top Lawyers 2010

- Tax Law

The Best Lawyers in America 2011

- Corporate Law
- Employee Benefits Law
- Mergers & Acquisitions Law
- Tax Law

Chambers Global: The World's Leading Lawyers for Business 2010

- Tax: International
- US Tax: Corporate

Chambers USA 2010

- Tax: Controversy: Nationwide
- Tax: DC
- Tax: Employee Benefits & Executive Compensation: DC
- Tax: Employee Benefits & Executive Compensation: Nationwide

Expert Guides

- *Guide to the World's Leading Tax Advisers*
- *Guide to the World's Leading Transfer Pricing Advisers*

Southwest Super Lawyers: Arizona 2010

- Tax

Super Lawyers: Washington 2010

- Employee Benefits/ERISA
- Tax
- Tax: Business/Corporate

Who's Who Legal 2010

- Corporate Tax

Practice Overview

The tax practice of Steptoe & Johnson LLP is known for the diversity and breadth of its experience in all aspects of state, federal, and international taxation. Our attorneys have a wealth of technical and practical knowledge, covering current and historical law, as well as ongoing legislative and administrative developments. Our team has extensive experience in advising clients ranging from multinationals to family-run, closely-held businesses to high-net-worth individuals, and representing them in legislative, administrative, and judicial forums. Members of our practice have served as Administration officials with the Treasury Department, the IRS, and the tax division of the DOJ, as well as advisors to the key tax writing committees. Our attorneys maintain strong relationships with staffs of those committees and current members of the Administration.

Clients turn to us for technical tax advice in all areas of tax law, including corporate, pass-throughs, international, employee benefits, tax-exempt, and insurance, as well as state and local tax. For many clients, we serve as long-time counselors responding to complex or novel tax issues as they arise. We are often called upon to guide clients through their “bet the company” transactions and other matters, from fact gathering and analysis to obtaining letter rulings and issuing opinion letters.

We frequently represent clients that have tax legislative or regulatory issues and often team with colleagues in the firm’s Government Affairs and Public Policy practice group to provide additional strategic advice and a wide network of access on which our clients can draw when pursuing their legislative and regulatory objectives. Our work encompasses information gathering and monitoring, as well as presenting information, facts, and arguments to members of Congress and their staffs, the Treasury Department, and the IRS. We are experienced in all facets of the legislative process, including drafting and analyzing legislation, writing testimony and testifying on behalf of clients before Congress, devising legislative strategies, monitoring legislative activities, and performing other advocacy work before Congress, Treasury, and the IRS. Our tax legislative team is also knowledgeable about compliance with the Lobbying Disclosure Act and federal election and campaign finance laws.

Once legislation has been enacted, we represent our clients before Treasury and the IRS with respect to the issuance of regulations under the new law. We provide comments and testimony with respect to proposed regulations and other matters pending with the Treasury Department. Our regular contacts with tax policy and other Administration officials enable us to respond quickly in providing information to our clients and in presenting our clients’ concerns.

We advance and defend our clients’ core tax interests.

We represent clients in tax controversies at all levels within the IRS and in the courts. During the pre-audit phase, we assist clients with document retention, case preparation, and privilege preservation. During the audit phase, we help our clients analyze and evaluate factual and legal issues, make presentations to local IRS officials in order to defend issues and eliminate potential adjustments, and prepare referrals or responses to the IRS National Office for technical advice. Often, we are able to resolve cases favorably without the need for litigation.

We prepare protests of proposed IRS audit adjustments and represent our clients in conferences with IRS Appeals Offices throughout the nation. We represent clients in litigation in the US Tax Court, the US Court of Federal Claims, and in federal district courts, as well as in federal courts of appeals. While we are often able to resolve filed cases through settlement, we have presented others to the courts through dispositive motions and actual trials on the merits for decision on appeal.

With decades of practical experience in substantive tax matters and in dealing with Congress, the Treasury Department, the IRS, and other government agencies on both technical matters and on issues of broad policy significance, we understand the nuances and complexities of taxation in a way few can.

Practice Areas

CORPORATE TAX TRANSACTIONS

We handle all aspects of business and domestic tax planning and transactions involving all types of entities – publicly traded or closely held corporations, limited liability companies (LLCs) taxed as corporations or disregarded entities owned by corporations, tax-exempt entities, and affiliated corporations. Our attorneys advise clients regarding taxable and tax-free acquisitions, restructurings, dispositions, spin-offs, liquidations, joint venture arrangements, and debt restructurings. We are often called upon to address issues relating to tax accounting, capital recovery, and consolidated returns. When handling cross-border transactions or transactions involving multiple types of entities, we work closely with our colleagues who practice in the areas of International and Partnership/LLCs/S Corporations taxation.

EMPLOYEE BENEFITS / ERISA / EXECUTIVE COMPENSATION

Complex tax, ERISA Title I (fiduciary), Title IV (plan termination and withdrawal liability), transactional, and legislative matters are routine for our attorneys, as are matters involving governmental pension funds. We have extensive experience navigating IRS compliance programs and handling audits, executive compensation planning, operations compliance, retirement programs (including cash balance and 401(k) plans), welfare benefits (including COBRA and health reform changes), and handling employment agreements, and severance and claims issues. Our clients include entities that sponsor qualified plans, trade associations, state and local government plans (including the largest public pension plan in the nation), financial institutions, and tax-exempt organizations.

EXEMPT ORGANIZATIONS

Our practice includes exempt organizations of all sizes and types. Our clients include charitable, educational, healthcare, medical and scientific research, religious, and advocacy organizations; private foundations; professional and trade associations; and government agencies and instrumentalities. We advise clients on novel and complex issues which may arise in the context of planning for proposed transactions; consideration of changes in organizational activities or

structure; structuring commercial transactions; IRS audits; and governmental and internal investigations. To resolve client issues, we represent them before government agencies, the courts, and Congress. For many clients, we serve as outside general counsel, providing ongoing counseling on a broad spectrum of matters. Our attorneys stay abreast of industry developments and advise clients of new developments. We listen closely to our clients and provide legal services adapted to their specific needs and tax-exempt status.

INSURANCE TAX

Adept at handling audits and appeals and related tax litigation, our attorneys in this practice area have extensive experience handling tax issues related to insurance companies and products. They advise clients on insurance tax matters, including reserve issues, reinsurance arrangements, captive arrangements, consolidated return questions, accounting and separate account issues, DAC issues, disclosure requirements, and penalty issues. They also counsel clients on investment tax issues, including original issue and market discount, interest rate agreements, hedging and swaps, and partnership, foreclosure, and workout issues. Our attorneys also handle product tax issues, such as annuity questions, variable contract issues, the definition of life insurance, and corporate-owned life insurance matters. Clients of this practice include life, property, and casualty insurance companies.

INTERNATIONAL TAX

Our attorneys have deep substantive knowledge of income deferral, foreign tax credit, transfer pricing, European VAT, and tax treaty matters, as well as the tax aspects of mergers, acquisitions, joint ventures, financings, and investment funds. We advise domestic and foreign-based businesses, minimizing their tax burden by planning, structuring, restructuring, negotiating, documenting, and advising with respect to their cross-border strategic transactions, investments, financings, and operations, as well as effectively advocating their positions before the IRS, Treasury Department, Congress, and the courts in connection with administrative guidance, legislation, private letter rulings, audits, appeals, and tax treaty competent authority agreements. Our team includes several former government officials, including Phil West, who served as the Treasury Department's International Tax Counsel, where he

played a central role in virtually every policy, legislative, and regulatory development in the international tax area, led tax treaty negotiations, discussions, and ratification efforts involving countries throughout the world, and led the US tax delegation to the Organization for Economic Cooperation and Development.

IRS CONTROVERSY & TAX LITIGATION

Our tax controversy practitioners represent corporations throughout the US in audits, appeals, and litigation. We combine trial-tested litigation skills with up-to-date substantive tax experience, a combination which allows us to take on the most challenging cases and achieve outstanding results for our clients. We have extensive experience with a broad range of domestic and international tax issues, as well as state income, sales, and use taxes. We work to resolve cases favorably at the administrative level through compelling presentations directly to tax agencies. For example, we recently obtained favorable National Office guidance on two novel issues, avoiding the need for litigation. When litigation proves necessary, we have significant experience in both federal and state courts. With an active controversy and litigation docket, our attorneys are at the cutting edge of evolving administrative and judicial practice and procedures, strategy, and tactics, and frequently advise clients on document retention and audit preparedness.

LEGISLATIVE & ADMINISTRATIVE, CONGRESS & TREASURY

Our attorneys are experienced in all facets of the legislative process, including drafting and analyzing legislation, writing testimony and testifying on behalf of clients on Capital Hill, devising legislative strategies, monitoring legislative activities, and performing other advocacy work before Congress, the Treasury Department, and the IRS. They are also knowledgeable about compliance with the Lobbying Disclosure Act and federal election and campaign finance laws. Members of this group often team with colleagues in the firm's Government Affairs and Public Policy practice group to provide additional strategic advice and a wide network of access on which our clients can draw when pursuing their legislative and regulatory objectives. Clients include domestic and foreign businesses, trade associations, and pension plans. The group circulates the

Daily Tax Update, a daily electronic newsletter that provides a concise summary of breaking federal tax news in Washington, including tax bills introduced in Congress, major tax legislation, significant regulations, and other administrative guidance issued by the Treasury Department and IRS, and major tax opinions from various courts.

PARTNERSHIPS / LLCs / S CORPORATIONS

We assist clients in all stages of the life-cycle for business and investment ventures in partnership, LLC, and S corporation structures. Our clients range from high-net-worth individuals to closely-held, family-run businesses to publicly-held multinationals. For example, we advise clients on corporate restructurings in order to provide new capital to ongoing ventures, or to avoid undesirable consolidations or multiple levels of tax. We also counsel clients on how to minimize cross-border taxation, isolate liabilities, and most-effectively transfer wealth across generations. In addition, we are often called upon to lobby for legislative and regulatory changes related to partnerships, LLCs, and S corporations.

STATE & LOCAL TAX

Our extensive state and local tax practice represents a broad array of clients in litigation, tax planning, and transactional matters. Our practice is national in scope and we represent clients on both state-specific and multi-state corporate income, gross receipts, sales and use, and property tax matters. Clients come from a wide variety of industry sectors, including financial services, publishing and broadcasting, construction, retail, utility and energy, transportation and rail, high technology, and telecommunications. We also represent fuel refiners, pipeline companies, solar technology companies, nonprofits, online retailers and insurance companies. We frequently advise and represent multi-state or multi-national businesses and have broad experience with the constitutional issues related to state income and sales taxation, state income tax allocation, apportionment, addbacks, incentives, state-specific sales and use tax structures, exemptions, city taxation and ad valorem property taxation. We also have experience in tribal taxation, state taxation in Indian country and with federal and state telecommunications, motor fuel, tobacco, and other excise taxes.

Representative Matters

ADVOCACY: DOMESTIC & INTERNATIONAL AUDIT, CONTROVERSY & RISK ASSESSMENT

- Successfully represented a large company in litigation with the DOJ in connection with the contribution of contingent liabilities to an environmental remediation subsidiary.
- Represented a leading financial institution in a case regarding cross-border leveraged leases.
- Led one of the world's largest life insurers in a tax refund case involving tax accounting issues.
- Prepared an international bank for a potential major audit and advised on the revision of its document retention policy.
- Favorably resolved complex tax controversies involving numerous issues, including treaty limitation on benefits, contingent interest, active trade or business, the interaction of the foreign tax credit, deferral, and transfer pricing rules.
- Conducted tax risk assessments of permanent establishment, transfer pricing, and related issues for public multinationals' world-wide operations.
- Obtained favorable technical advice on a significant industry issue for a major entertainment company.
- Represented a multinational chemicals and consumer products group in controversy relating to economic substance and technical post-acquisition restructuring issues.

ADVOCACY: DOMESTIC & INTERNATIONAL LEGISLATIVE & REGULATORY

- Represented numerous companies in connection with international tax legislative proposals.
- Led efforts to allow deferral of tax on cancellation of indebtedness income and to shape regulatory guidance.
- Obtained administrative guidance for a large public consumer products company, favorably resolving a multi-billion dollar issue under the Homeland Investment Act.
- Advocated for the modification of proposed amendments to section 355 involving "cash-rich split-offs."
- Represented a large non-US based financial institution before Congress, Treasury, and the IRS in connection with the Foreign Account Tax Compliance Act ("FATCA") legislation and administrative guidance.

- Led efforts to equalize tax treatment of corporate capital losses and net operating losses for a publicly traded, non-US based financial institution, and to remove a tax barrier to its government-assisted acquisitions.
- Represented a large telecommunication company in connection with legislation affecting the disposition of large and highly appreciated foreign assets.

DOMESTIC & INTERNATIONAL CORPORATE TAXATION

- Led a \$5 billion, 80 country stock and asset acquisition for a global, household brand company.
- Counseled on complex internal cross-border restructurings of publicly-traded technology, retail, and financial services multinationals.
- Converted the parent of a large, closely held consolidated group to S corporation status and counseled the company on the application of consolidated return and corporate tax rules.
- Restructured the debt of affiliated partnerships for a large, closely held consolidated group.

DOMESTIC & INTERNATIONAL PASS-THROUGH TAXATION

- Led efforts in the acquisition of a large, multinational wind energy facility, structured to be eligible for a Treasury grant under section 1603 of ARRA, including oversight of the construction arrangements.
- Counseled a large family office in connection with investments in a number of private equity funds.
- Restructured a foreign-based business unit of a large multinational media company and addressed issues related to sharing of partnership liabilities and allocations of tax items under sections 704(b) and 704(c).
- Converted an S corporation structure to a tax partnership structure for a mid-market business conglomerate.
- Advised a large defense contractor on various S corporation and ESOP transactional issues.

EMPLOYEE BENEFITS / ERISA / EXECUTIVE COMPENSATION

- Counseled a leading power management company on executive compensation and employee benefits issues.
- Separately represented before the IRS two large financial institutions that sponsored prototype plans in compliance procedures necessary to correct prior legal and administrative failures.
- Achieved reduction in applicable penalties for a tax-exempt employer that had numerous operational failures in its 403(b) plan and successfully redrafted the client's future benefits program.
- Represented multiple clients in audits and reviews of executive compensation and ESOPs at both the IRS and the Labor Department.
- Revised numerous clients' executive compensation programs and documents to comply with section 409A, including its application in a merger and sale.
- For a state pension fund, advised on vesting and distribution issues, and state statutes to ensure compliance with federal tax law.
- Reviewed and reworked severance arrangements for a tax-exempt client, including negotiation of severance agreements with prior participants.

EXEMPT ORGANIZATIONS

- For a multibillion dollar scientific organization, structured a transaction to commercialize the organization's patents in a manner that avoided UBIT and protected the organization's exempt status through the use of limited partnership and corporate subsidiaries.
- Advised numerous organizations on the rules concerning reasonable compensation of executives and represented clients before IRS in connection with audits of executive compensation.
- Advised numerous clients on "best practices" for nonprofit corporate governance and the IRS' position with respect to corporate governance.
- Represented many tax-exempt clients in connection with Congressional investigations, IRS audits, voluntary disclosures of non-compliance with tax and other laws; and conducted internal investigations.

- Obtained published guidance from IRS to address issue of significance to private foundations, donor advised funds and supporting organizations.

STATE & LOCAL TAX

- Achieved a favorable outcome for a printing company on the issue of whether taxpayer's receivables and investment affiliates are unitary with operating parent.
- Counseled a homebuilder on the sourcing of receipts from the sale of mortgages in a secondary market.
- Advised on income and property tax incentives for renewable energy companies.
- Provide guidance and advise on nexus issues for internet sellers.
- Represent owners of a major petroleum pipeline in appeals over the valuation of a pipeline.
- Counsel to a cable company providing VoIP with respect to the valuation of its property as a telecommunications company or cable company.
- Represent an electric utility on the valuation of its property.
- For telecommunications and satellite clients, advise on multi-state sales and excise tax matters, and sourcing under Mobile Telecommunications Sourcing Act.
- Represent clients on state and federal motor fuel excise tax matters.

TRANSFER PRICING & TREATIES

- Negotiated groundbreaking and important competent authority agreements for numerous clients.
- Structure, document, and defend transfer pricing strategies for numerous large multinationals.
- Analyzed transfer pricing and permanent establishment aspects of cross-border supply chain restructuring.
- Advised an investment fund and a high-net-worth individual regarding information exchange and other issues during a multi-jurisdictional audit.

BEIJING

BRUSSELS

CENTURY CITY

CHICAGO

LONDON

LOS ANGELES

NEW YORK

PHOENIX

WASHINGTON

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