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Partnerships/LLCs/S Corporations

Steptoe & Johnson LLP provides advice with respect to all issues that arise during the life-cycle of business and investment ventures in partnership, LLC, and S corporation form. Our lawyers craft operating agreements to fit the specific needs of diverse participants, such as cross-border investors, tax-exempt organizations, and high-net-worth individuals.

We advise clients on the use of partnerships, LLCs, and S corporations in the context of corporate restructurings in order to provide new capital to an ongoing venture or to avoid undesirable consolidations or multiple levels of tax.

In addition, we regularly provide advice regarding the use of entities disregarded for tax purposes to minimize cross-border taxation, isolate liabilities, and maximize the transfer of wealth across generations. The firm is often called upon to lobby for legislative and regulatory changes related to partnerships, LLCs, and S corporations as well.

Pass-through matters often span several fields of tax law, and accordingly, our clients' pass-through matters often draw upon the acumen of our experienced team of corporate and international tax lawyers. The breadth of our tax practice provides the firm with the ability to address a diverse array of pass-through issues in an efficient and effective manner.

Representative Matters Advocacy

- Represented clients before Congress and Treasury regarding the application of the tax-exempt use loss rules to pass-through entities.
- Represented a large closely-held investment company before Treasury regarding the application of the AMT to shareholders in S corporations.
- Represented clients before Congress and Treasury in an effort to reduce or eliminate the double tax on certain S corporation income.

Investment Fund and Private Equity

- Advised private equity funds on restructuring to minimize the potential effect of the enactment of "carried intent" legislation."
- Developed advantageous structure for a foreign pension fund's sponsorship and capitalization of US real estate-related investment funds.

Partnerships/LLCs/S Corporations

- Represented a high-net-worth family on all aspects of its substantial foreign business and investment holdings.

Operational Structuring & Restructuring

- Advised an international, closely-held professional sports team in connection with an internal reorganization and potential public offering.
- Advised a large multinational government services company with respect to S corporation eligibility, employee benefits, and tax partnership issues.
- Advised a large multinational energy company in connection with the constriction of electric transmission assets, which included issues related to the extension of the contribution-to-capital safe-harbors under section 118 to tax partnerships.
- Drafted partnership and LLC operating agreements for various types of businesses, including investment advisory, real estate, electric utility, defense contracting, and entertainment businesses.
- Represented a large closely-held investment company with respect to several S corporation issues, including conversion from C corporation status to S corporation status and the application of certain corporate-level taxes after the conversion.
- Represented a large multinational media company in connection with the restructuring of one of its business units abroad, which included issues related to the sharing of partnership liabilities and allocations of tax items under section 704(b) and section 704(c).
- Advised a large multinational natural resources company in connection with a partnership redemption transaction coupled with a subsequent tax-free reorganization, which included issues related to the “hot asset” rules for partnership distributions and disguised sales of property.
- Advised a large multinational scientific equipment and services provider in connection with a proposed disposition of a business unit and the departure of an investor in another business unit, which included several “mixing-bowl” issues and section 731(c) marketable securities issues.
- Advised a high-net-worth individual with respect to the use of certain trusts as shareholders of an S corporation.

Partnerships/LLCs/S Corporations

Controversy

- Advised a high-net-worth individual in connection with an IRS audit regarding several structured transactions utilizing partnerships and S corporations.
- Advised a multinational chemicals company before the Appeals Office of the IRS regarding its partnership investments in low-income housing.
- Obtained a pre-filing agreement regarding the valuation of a large closely-held investment company's assets for purposes of applying the "built-in gains" tax applicable to S corporations.