Steptoe's Tax Controversies Group includes experienced litigators who have served as Justice Department trial and appellate attorneys, judicial law clerks, and Treasury officials. We combine trial-tested litigation skills with up-to-date substantive tax experience. This combination enables us to take on the most challenging cases and achieve outstanding results for our clients. Over their careers, our lawyers have litigated cases on a wide variety of federal and international tax issues, including transfer pricing, foreign tax credits, insurance taxation, various tax incentives such as research credits, as well as numerous other substantive and procedural issues.

Our lawyers have proven skills and extensive experience in all aspects of tax controversy and litigation, including managing IRS audits, filing and presenting protests to IRS Appeals, negotiating litigation settlements, trying cases, and arguing appeals.

Our active controversy and litigation docket keeps us at the cutting edge of evolving administrative and judicial practice and procedures, strategy, and tactics.

Steptoe also represents clients with respect to international tax controversy matters before the IRS, the US Department of the Treasury, the US Congress, and foreign tax authorities. Our tax controversy lawyers have proven experience at the IRS and in court across a broad range of subjects. Our efforts include:

- Advocating positions effectively throughout the IRS administrative process and in the courts
- Working with experts to develop the facts and documentation necessary to prepare and defend positions
- Achieving success in demonstrating the infirmities in expert work performed for the government in tax controversies

Resolving IRS Administrative Controversies

Pre-controversy advice and counsel. Our tax lawyers combine litigation and substantive tax experience to assist clients in effectively anticipating and planning for future controversies. Often, when the tax treatment of an item or transaction is challenged, the ultimate resolution is influenced significantly by actions taken or not taken when the transaction was planned, implemented, or first reported. With this in mind, we provide experience-based advice on reporting, disclosure, privilege, document retention, and other pre-controversy matters.

Audit controversy skills. We effectively use all available procedural techniques, including pre-filing agreements (PFAs), requests for technical advice, Fast Track Appeals resolution, Early Referral, and other IRS practices and programs. We have extensive experience with IRS summonses, enforcement proceedings, and joint defense agreements.

Individual and coordinated IRS and Treasury settlement efforts. We fashion creative and effective approaches to settlement. Our experience encompasses not only direct negotiations for single clients, but also group representations of taxpayers with the same or similar issues. We work hard to achieve favorable results by identifying the most effective approach, whether it be with the examining agent, the Large Business & International (LB&I) Division, the IRS Chief Counsel's Office, the Office of the Commissioner, the Department of Treasury, or elsewhere.

IRS Appeals controversies. We prepare protests and negotiate with IRS Appeals to achieve favorable settlement results, and routinely appear before Appeals offices across the country, using all available Appeals tactics and strategies, including early referral and post appeals mediation, either to achieve settlement or to position the case to proceed most effectively to litigation.
Representative Matters

Transfer Pricing Matters

- Achieved 100% concession from the IRS on a significant cross-border royalty issue.
- Assisted in developing a transfer pricing methodology for a global brokerage operation with emphasis on valuable trading strategies.
- Assisted a major financial institution in resolving a difficult transfer pricing examination with the tax authorities of a major Asian country.
- Assisted a major consumer products company with the resolution of large multicountry matter involving transfer pricing adjustments, as well as the impact of those adjustments on the foreign tax credit and controlled foreign corporation rules.
- Advised a multibillion-dollar group, when it could no longer rely on documentation used by the group from which it was spun off, in a 21-country transfer pricing revision project.
- Advised a large, non-US based financial institution on transfer pricing aspects of major cross-border restructuring.
- Advised a large, publicly-traded financial institution with regard to global transfer pricing review and implementation of revised methodology.
- Advised an international chemical and materials corporation in connection with international migration of intangibles.
- Advised a large, publicly traded multinational in connection with transfer pricing strategy risks, opportunities, and implementation issues relating to a high-profit multibillion-dollar business segment.
- Assisted a high-tech company with complex transfer pricing planning, ensuring financial audit readiness in going-public context.
- Advised a major telecommunications company in connection with proposed revisions to its cross-border royalty arrangements.
- Advised a major financial institution on a complex US-UK-Japan transfer pricing matter involving global dealing, treatment of adjustments to hybrid entities, and other issues.
- Headed teams preparing contemporaneous documentation under the transfer pricing rules.
- Advised leading consumer products company on permanent establishment and transfer pricing aspects of supply chain restructuring.

Audit Controversy Matters

- Won refund action as trial counsel on behalf of principal in contract manufacturing arrangement in IRS dispute concerning the domestic production activities deduction under Section 199.
- Represented a large financial institution in connection with a major controversy involving treaty limitation on benefits, contingent interest, active trade or business, and other issues.
- Represented a hedge fund group in connection with multijurisdictional audit issues.
- Represented a large multinational media company before IRS Appeals in connection with a major Foreign Sales Corporation controversy.
- Advised several clients in connection with IRS audits of stapled stock and other tax-sensitive cross-border structured transactions.
- Represented a high-tech services company before the IRS in connection with a significant transfer pricing controversy.
- Represented a multinational diversified manufacturer before the IRS Appeals in a matter relating to the capitalization of the cost of buying out Chinese minority partners.
- Represented a foreign airline in connection with the application of US excise taxes.
Competent Authority & Other Treaty Matters

- Represented a Middle Eastern investment company in groundbreaking Competent Authority resolution of high value and seemingly intractable dispute.
- Represented a major US multinational in obtaining extremely favorable resolution of US-Asian withholding tax issue historically resolved in favor of the other country.
- Represented multinational before US Competent Authority regarding residency of a pass-through entity. Represented high-net-worth individual in connection with US information exchange and treaty residence aspects of Japanese audit.
- Represented the securities industry before the US Competent Authority to obtain an interpretive agreement under the US-Japan tax treaty.
- Represented a multinational medical and scientific device company before the US Competent Authority to obtain a taxpayer-specific agreement under the US-French treaty regarding the potential double tax resulting from a French thin capitalization adjustment.
- Represented trust fiduciaries and high-net-worth individuals in connection with competent authority and other aspects of the application of adverse foreign legislation.
- Advised a foreign airline on the effects of international agreements.
- In connection with a French tax controversy, advised a foreign professional services company on its treatment under the French-US tax treaty.
- In connection with a Japanese tax controversy, advised a major US investment bank on the proper application of OECD principles embodied in the US-Japan tax treaty.
News & Publications

PRESS RELEASES

Steptoe Bolsters International Tax Group with Noted Transfer Pricing Lawyer Matt Frank
December 14, 2020

PRESS RELEASES

Steptoe Receives 67 Rankings in 2021 US News - Best Lawyers' 'Best Law Firms'
November 5, 2020

PRESS RELEASES

Steptoe Receives 125 Individual Mentions in Best Lawyers in America 2021
Four Lawyers Named 'Lawyer of the Year'
August 20, 2020

PRESS RELEASES

Steptoe Receives 19 Practice, 56 Individual Mentions in Chambers USA 2020
April 23, 2020

PRESS RELEASES

Steptoe Receives 64 Rankings in 2020 US News - Best Lawyers' 'Best Law Firms'
November 1, 2019

PRESS RELEASES

Steptoe Receives 86 Individual Mentions in Best Lawyers 2020
Two lawyers named 'Lawyer of the Year'
August 15, 2019

PRESS RELEASES

Steptoe Receives 20 Practice, 63 Individual Mentions in Chambers USA 2019
April 29, 2019

PRESS RELEASES

Steptoe Receives 75 Rankings in 2019 US News - Best Lawyers' 'Best Law Firms'
November 1, 2018

PUBLICATIONS

Tax Procedure Outline: Audit, Appeals, and Litigation
September 11, 2018
By: J. Walker Johnson

CLIENT ALERTS

Proposed Regulations Released Regarding Section 199A Deduction
August 13, 2018
Daily Tax Update

IRS Issues Interim Guidance on Section 4960
December 31, 2018

IRS Issues Final Regulations for Public Approval of Tax-Exempt Private Activity Bonds
December 28, 2018

TIGTA Issues Two Audit Reports
December 26, 2018

Treasury Publishes IRS Lapsed Appropriations Contingency Plan
December 21, 2018

JCT Releases TCJA Blue Book
December 20, 2018

Senate and House to Vote on Continuing Resolution
December 19, 2018

New York Attorney General Announces Stipulation Dissolving Trump Foundation
December 18, 2018

New Version of Brady Tax Bill Released
December 17, 2018

IRS, Treasury Issue Guidance on Previously Taxed Earnings and Profits
December 14, 2018

IRS and Treasury Release Proposed BEAT Regulations
December 13, 2018

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