

# Tax Group

## ***Assisting Clients with State-of-the-Art Tax Advice***

With more than 30 attorneys, Sullivan & Worcester LLP's Tax Group is one of the largest on the East Coast. Its size and national reputation evolved as a result of our tax lawyers' commitment to quality and their ability to understand and achieve clients' goals.

With an average of more than 20 years experience each, Sullivan & Worcester's tax partners have the ability to address the entire spectrum of tax-related legal matters, from tax planning for complex corporate reorganizations to the representation of clients in adversarial proceedings with the Internal Revenue Service and state tax authorities. Regardless of the context, our lawyers seek to identify our clients' objectives and design efficient and cost-effective strategies for achieving them. We have a demonstrated history of designing imaginative solutions to clients' complex tax problems.

Our tax practice covers a wide range of industries and focuses on the following areas:

### **TAX PLANNING FOR BUSINESS OWNERS AND INVESTORS**

For new businesses, we design and implement ownership structures that minimize tax costs while meeting the owners' diverse business objectives. We are well-versed in the use of Subchapter C and Subchapter S corporations, general and limited partnerships, limited liability companies (LLCs) and business trusts, either alone or in combination, to limit the liabilities of business owners while preserving control of business operations. We have extensive experience in negotiating and structuring buy/sell agreements, both insurance-funded and otherwise, and other arrangements among business owners.

For established businesses, we can provide advice concerning the acquisition and disposition of business assets, including the sale of the entire company. We keep current with the rules that permit certain business dispositions to be achieved without current income tax and can design tax strategies that capitalize on these opportunities. We also can structure and draft employment agreements and other arrangements with key employees.

For our public company and other acquisition-oriented clients, our attorneys have worked extensively on many major transactions involving innovative merger and acquisition structures. We also have an extensive background in dealing with employee benefits in merger and acquisition transactions, including the issues involved in terminating and merging qualified plans, providing security for nonqualified retirement benefits, and resolving "golden parachute" and similar executive compensation issues that arise in acquisitive transactions.

We are particularly sensitive to the special issues confronting family businesses. Recognizing that taxes can present serious problems for business owners who wish to keep the business in the family, we help our clients utilize methods for reducing or eliminating taxes when a family business is transferred to the next generation.

Sullivan & Worcester is known as a leader in state tax matters and we routinely advise clients on the state and local tax consequences of business transactions and help with structures to minimize state taxes.

We also advise the owners of troubled or failing businesses regarding the tax considerations that arise in bankruptcy or insolvency proceedings, and we develop tax strategies that can assist a struggling business.

### **INTERNATIONAL TAX PLANNING**

As business becomes increasingly international at all levels, from the multinational to the sole proprietor, it is more likely than ever that your business will need to plan its tax strategy on an international basis. Due to the complex interplay among U.S. tax rules, non-U.S. tax rules and taxation treaties, properly integrated and cohesive tax planning is essential when business spans international borders. With one of the largest international tax practices in the Northeast, our international tax attorneys have significant experience in handling this complex interplay, and thus can provide effective and useful advice and develop practical strategies for U.S. clients investing in foreign jurisdictions or foreign clients investing in the United States.

Members of our Tax Group have also structured investments by our offshore clients in U.S. real estate and U.S. businesses, as well as the management of offshore funds in a manner that minimizes U.S. taxation.

We also advise nonresident families on pre-immigration tax and estate planning matters, where significant tax savings are possible only if the issues are addressed in a timely manner.

### **TAX PLANNING FOR HIGH NET WORTH INDIVIDUALS**

Our attorneys provide a full range of tax planning services for high net worth individuals seeking to reduce the impact of federal and state income, estate, generation-skipping transfer and gift taxes. We know the techniques that may be employed to reduce or limit the impact of taxes on appreciating family assets, whether consisting of real estate, a closely held business or financial assets, as well as structures for passing on more of the increase in value to younger family members. We also can help plan for the use of life insurance to increase estate liquidity upon death.



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while avoiding tax on the insurance proceeds. Also, we have developed software to analyze the optimum disposition of IRAs and other tax-favored assets.

Advising individuals on the income tax aspects of various financial strategies is an important part of the tax-planning process. We can analyze the tax consequences of investments in pass-through entities such as Subchapter S corporations, partnerships and LLCs, and can help individuals arrange their affairs so as to maximize associated tax benefits.

For clients with charitable objectives, we can help make the most of the tax benefits associated with charitable giving. We have structured a variety of creative strategies for maximizing the tax benefits of various gift programs, including the use of private foundations, charitable remainder trusts, charitable lead trusts, charitable gift annuities, pooled income funds, bargain sales and other sophisticated planned giving devices.

Our state tax experts assist clients with controversies relating to New York or Massachusetts residency and assist with all manner of state tax planning.

## REPRESENTATION BEFORE TAX AUTHORITIES

Sullivan & Worcester represents clients in conflicts with the Internal Revenue Service and state tax authorities. This can involve all stages of a controversy, from initial audit through tax litigation. In situations where the stakes are large and the law is unclear, we have obtained favorable private rulings from the Internal Revenue Service and state tax authorities for our clients.

We were counsel in the 2009 taxpayer victory where the Massachusetts Supreme Judicial Court articulated the “work product” doctrine for tax and non-tax cases in Massachusetts. We are also counsel to the taxpayer in one of the most novel state taxation and Commerce Clause cases in recent years.

## SARBANES-OXLEY TAX COMPLIANCE

We can assist in evaluating the effectiveness of internal controls, structures and procedures for tax matters. We can also assist clients in developing independent tax positions and routinely advise clients on supporting their uncertain tax positions under FIN48.

## MUTUAL FUNDS, REITs AND OTHER POOLED INVESTMENT VEHICLES

We have extensive experience in structuring the operations of regulated investment companies (RICs) and real estate investment trusts (REITs) so that they comply with all applicable tax rules and restrictions. Among our clients are several New York Stock Exchange-listed REITs, including HRPT Properties Trust, Hospitality Properties Trust, Hersh Hospitality Trust, Senior Housing Properties Trust and Government Properties Investment Trust.

## EMPLOYEE BENEFITS AND EXECUTIVE COMPENSATION PLANS

Designing and drafting the full range of qualified and nonqualified pension, equity, welfare benefit, fringe benefit, cafeteria and other employee benefit plans is only part of Sullivan & Worcester’s service. Our attorneys can draft related employee communications, provide guidance to ensure compliance with all applicable laws and offer clients practical solutions to their benefit design questions and problems. We also advise employers and other fiduciaries concerning ERISA’s prohibited transaction and fiduciary responsibility provisions, and represent clients before the Department of Labor.

Sullivan & Worcester helps design tax-efficient equity compensation packages and nonqualified deferred compensation plans for key employees that conform to all changes in accounting rules and tax laws, including Internal Revenue Code Section 409A. We are experienced in designing stock option plans, phantom stock plans and other equity incentive devices.

## TAX PLANNING FOR PUBLIC CHARITIES AND PRIVATE FOUNDATIONS

We help plan, create and operate numerous public and private tax-exempt charitable entities, including schools and educational organizations, medical organizations, religious organizations, environmental and cultural organizations, grant making and operating foundations, social welfare organizations, social clubs, trade associations, title holding companies and others. We advise exempt organizations, including pension funds and governmental entities, on their business and investment activities, including the impact of unrelated business income tax. We plan transactions between tax-exempt and taxable entities to achieve the objectives of both while preserving applicable tax-exempt status. Trustees and directors of tax-exempt organizations often seek our counsel on the implication of rules against self-dealing, private inurement and substantial private benefit.

## STATE & LOCAL TAX

Sullivan & Worcester has unusual depth of resources to help you meet the challenge of understanding and ensuring compliance with the varied tax regimes that states and localities impose. Moreover, we have long been recognized as a leader in the resolution of state and local tax disputes from the audit to the appellate court level. We are also experienced in sales and use tax planning for private airplane purchases and leases. Our state and local tax group includes attorneys with many years of experience at high levels in tax agencies as well as in private tax practice. We work collaboratively to bring you advice that is informed by much more than book knowledge alone.

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For further information about our Tax Group, please visit our website at [www.sandw.com](http://www.sandw.com) or contact:

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