Tax

OVERVIEW

We provide legal services in all areas of federal, state, and local taxation. Our attorneys stay abreast of the ever-evolving tax landscape and develop innovative solutions for tax-sensitive transactions.

Corporate and Business Tax Planning

Our Tax Group assists corporations of all sizes – from small, closely held companies to Fortune 500 corporations – as well as shareholders, strategic and financial buyers and sellers, borrowers, and lenders. Through our multidisciplinary approach and the vast resources available to us through the firm as a whole, we provide our clients with cost-effective and productive representation across a numerous practices. Our attorneys are experienced in planning and implementing mergers and acquisitions, reorganizations, initial public stock offerings, leveraged leases and buyouts, complete and partial liquidations, stock redemptions, divestitures, corporate separations, international financings, debt-to-equity conversions, and the issuance of preferred stock exchangeable into common stock or debt.

Our attorneys have extensive experience with original issue discount and the generation, preservation, and use of interest deductions, net operating loss, credit carryovers, and other significant tax attributes. We prepare prospectus and proxy statement disclosures regarding the tax consequences of significant transactions, including the issuance of a wide variety of securities. The firm regularly structures buy-sell and stock restriction agreements, common paymaster arrangements, sale-leaseback transactions, and deferred compensation programs. In addition, our tax attorneys are well-versed in the tax law governing S corporations, consolidated returns, and intercompany arrangements.

Partnership and Hybrid-Entity Taxation

Eckert Seamans' tax attorneys are experienced in the formation, operation, division, and liquidation of general, limited, and "tiered" partnerships; limited liability companies; and business trusts. Many of these entities are involved in real estate, oil and gas, timber, and other investment undertakings, including low-income housing tax credit programs. We plan and implement partnership contributions, distributions, dispositions, special allocations, book value, and basis adjustments to partnership property and design payout provisions to retiring or deceased partners on a tax-efficient basis. We also assist in structuring credit facilities involving recourse or nonrecourse debt, "bankruptcy remote" entities, and other creative financing mechanisms.

Individual Income Tax

Eckert Seamans provides complete individual income tax consulting services and is experienced in structuring investment transactions, planning for the tax consequences of marital settlements, and minimizing expenses to the alternative minimum tax. We have significant experience with structuring nontaxable like-kind exchanges and installment sale transactions. We provide valuable counsel regarding private and commercial annuities, various insurance products and programs, split-dollar agreements, and involuntary conversions. Our attorneys have advised both creditors and debtors of troubled companies and have experience with the consequences of cancellation of indebtedness income and the reduction of tax attributes.

Tax Controversy

Our attorneys help sustain clients' positions in tax controversies by assisting with compliance and disclosure obligations and representing them in audits, administrative appeals, investigations, and litigation. Our tax attorneys have obtained private letter rulings from the Internal Revenue Service and state tax agencies relating to proposed transactions, and the firm frequently renders its opinion on the tax consequences of a variety of transactions and situations. The firm has successfully represented clients before the U.S. Tax Court, U.S. district courts and the U.S. Claims Court, as well as various state and local tribunals.

REPRESENTATIVE MATTERS

Federal and State Tax Litigation

- Successful resolution of several U.S. Tax Court cases prior to trial involving individual and corporation income tax assessments.
- Favorable settlement with the U.S. Department of Justice regarding a multiple-year, Internal Revenue Service judgment and foreclosure action against an individual taxpayer.
- Favorable resolution of estate tax matters at U.S. Tax Court involving valuation of limited partnership interests, deductibility of estate administration expenses, and failure to fund predeceased spouse's credit shelter trust.
- Served as co-counsel on Manella v. Commissioner, 631 F.3d 115 (3d Circ. 2011), resulting in a favorable change to IRS administrative policy regarding innocent spouse treatment.
- Favorable settlement of multiple-year, partnership tax shelter litigation at U.S. Tax Court.
- Obtained award of costs and fees in connection with protracted federal tax proceedings.
- Favorable resolution at Pennsylvania Commonwealth Court of alleged termination of S corporation status for corporate net income tax purposes in connection with the sale of a highly-leveraged limited partnership interest.
- Favorable resolution at Pennsylvania Commonwealth Court of foreign franchise tax dispute involving the special apportionment method for holding companies.
- Assisted a team of Eckert Seamans litigators in a case of first impression before the Third Circuit which affirmed the District Court's favorable decision for preventing the reversion of excess black lung trust assets to settlor company.
- Favorable resolution at Pennsylvania Commonwealth Court of foreign franchise and corporate net income tax controversies in connection with a foreign corporation allegedly doing business in Pennsylvania.
- Favorably settled a Pennsylvania use tax controversy involving owner use of an aircraft at Pennsylvania Commonwealth Court.
- Successful resolution at Pennsylvania Commonwealth Court of sales and use tax assessments in connection with accounting, management, and administrative services.
- Settled realty transfer tax litigation with the City of Philadelphia involving real estate holding companies.
- Successful litigation of Pennsylvania inheritance tax assessment resulting in substantial tax savings.

Federal Tax Controversies

- Successfully negotiated resolutions at IRS Appeals Division involving multiple-year, multi-million dollar corporation and shareholder income tax assessments and listed transaction penalty assessments.
- Favorable settlement of many corporation, partnership and individual income tax disputes at IRS Appeals Division involving various tax issues.
- Successful resolution and settlement of two multimillion-dollar tax shelter promoter penalty cases.
- Successfully represented many individuals with IRS Offshore Voluntary Disclosure Initiatives and delinquent Foreign Bank and Financial Accounts ("FBAR") Submissions.
- Favorable resolution of 100 percent withholding tax penalty cases involving allegedly responsible persons.
- Favorable settlement on estate tax examination valuation issues involving closely-held corporation stock and fractional interests in real estate, along with related fiduciary income tax issues.
- Successful abatement of significant income and employment tax penalties due to reasonable cause and not willful neglect.
- Settlement of outstanding federal income tax liabilities by negotiating favorable repayment plans.
- Obtained retroactive relief for allegedly defective S corporation elections.
- Favorable settlement of estate tax examination involving valuation of timber properties and mineral interests.
- Successful release of federal tax liens.

- Successful resolution of estate tax valuation controversy involving ownership in professional sports team franchise.
- Favorable settlement at IRS Appeals Division of individual casualty loss claim arising from faulty residential construction.
- Successfully represented foreign airline in connection with U.S. Customs & Border Protection audit for various federal excise taxes.

State and Local Tax Controversies

- Successful defense of tobacco manufacturers and distributors in tax disputes, criminal summons, audits and investigations with state and county Departments of Revenue.
- Successfully obtained refunds for Pennsylvania casinos of gross terminal revenue (slot machine) tax and gross table game tax.
- Favorably resolved Pennsylvania sales and use tax audits and related assessments for issues of first impression for Pennsylvania casinos.
- Successful resolution of New York State franchise tax appeal involving Delaware investment holding company.
- Assisted individual clients through Pennsylvania's Tax Amnesty Program to report and settle past due income tax liabilities.
- Successful in having the Pennsylvania Department of Revenue recognize an allegedly defective S corporation election.
- Reinstated a client's Pennsylvania sales tax license and obtained a refund of a sales tax penalty that was imposed in connection with the revocation of the sales tax license.
- Favorably resolved a domestic business client's Hawaii general excise tax multiple year assessments.
- Settled New York State corporation income tax controversy involving multiple year assessments.
- Favorable resolution of West Virginia sales tax controversy involving taxation of Gray Machine amusement revenue.
- Successfully negotiated for two unrelated clients a split settlement of Pennsylvania foreign franchise tax involving extraordinary gains in book income.
- Obtained favorable private letter ruling from the Pennsylvania Department of Revenue regarding the sales taxability of internet sales of custom software.
- Successful elimination of a Pennsylvania sales tax assessment on an out-of-state company allegedly doing business in PA.
- Favorable resolution at Delaware Tax Appeal Board for business entity's gross receipts tax controversy.
- Favorably resolved City of Pittsburgh business tax audit assessment.
- Successfully reinstated business entity with New Jersey Taxpayer Advocates Office.
- Successfully assist client with making a Pennsylvania Treasury Department unclaimed property disclosure.
- Successfully developed installment payment plans for clients with outstanding state tax liabilities.
- Successful removal of Pennsylvania corporation and individual tax liens.
- Successful in abatement of Pennsylvania use tax assessment for the purchase of motor vehicles shipped outside of Pennsylvania.
- Successful in substantially reducing Pennsylvania realty transfer tax assessment.
- Assisted client with local business privilege tax controversy involving construction activities.
- Assisted California counsel in a local hotel occupancy tax controversy.
- Settled hotel audit controversy in a case of first impression holding that a hotel registration card is a legally enforceable contract for purposes of hotel occupancy tax with the City of Pittsburgh, Pennsylvania.
- Assisted client with commercial activity tax litigation with the Ohio Board of Tax Appeals.