


NEAL ■ GERBER ■ EISENBERG

TAXATION



Neal Gerber Eisenberg is a Chicago-based law firm whose lawyers share a culture of teamwork and devotion to personalized client service to advance clients' business interests throughout the U.S. and beyond.

Our lawyers provide legal business solutions to public and private entities of all types in connection with domestic and global business transactions and litigation. Our client base reflects a number of Fortune 100 companies, financial institutions, nonprofits and high net worth individuals. The firm has one office in Chicago. Operating from a single office ensures that clients are never lost in the shuffle of a thousand-plus attorneys and multiple global offices. With nearly 175 attorneys, the firm is large enough to handle nearly any legal matter anywhere in the world, yet small enough so clients personally know the attorneys accountable to their matters.

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Neal Gerber Eisenberg's nationally recognized tax practice offers clients the sophistication of a large law firm tax practice with the creativity and responsiveness of a midsize law firm. Drawing on expansive experience and knowledge, the tax practice is particularly strong in domestic and international tax and business planning, state and local taxation and unclaimed property compliance, and the successful resolution of federal and state tax and unclaimed property controversies.

Our attorneys represent a diverse base of publicly traded corporations, large privately held corporate clients, investment partnerships and hedge funds, wealthy and entrepreneurially minded individuals, and tax-exempt organizations throughout the U.S. and abroad. Our tax clients operate in virtually all business sectors, including manufacturing, retailing, distribution, aerospace, insurance, technology, lodging and resorts, pharmaceuticals, energy, financial and investment services, telecommunications, health care, transportation, entertainment, commercial real estate and the nonprofit sector.

The practice is regularly recognized as a leading law firm in Chambers USA, earning client compliments such as the firm "has the resources of a large firm, but maintains the individual attention that you get from a smaller firm." The group is also highly ranked in U.S. News-Best Lawyers' "Best Law Firms" survey. In addition, two of our tax partners have been elected Fellows of the prestigious American College of Tax Counsel.

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EXPERT TESTIMONY & LITIGATION CONSULTING

Neal Gerber Eisenberg's attorneys provide consulting and expert witness services on tax-related litigation matters. We assist clients in case evaluation, risk-assessment, case development, and where necessary, expert witness testimony in cases involving tax planning, the issuance of tax opinions, accounting practices, legal and accounting malpractice and related topics.

Our tax attorneys have decades of experience writing and lecturing extensively on the standards of practice governing accountants and lawyers who work in the federal tax area. Most notably in this regard, one of our partners is the co-author of

STATE & LOCAL TAX

Our multistate tax practice attorneys counsel clients on transactional matters and tax planning and have successfully represented clients in state tax audits, administrative appeals and litigation in departments of revenue, administrative agencies and courts throughout the U.S. Our tax practice is nationally recognized for its comprehensive knowledge, creativity and experience with complicated state tax nexus, apportionment, tax credit, sales and use tax exemption and procedural issues, to name a few.

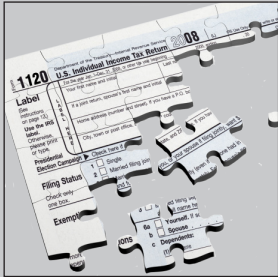
Our attorneys typically get involved in income tax, franchise tax, gross receipts tax, sales and use tax and unclaimed property disputes at the audit stage, and many of these matters have been resolved without the need for litigation. However, as states' appetites for revenue are undiminished, our clients recognize the importance of drawing on the litigation skills of our tax attorneys to "build the record" in case an administrative appeal or litigation becomes necessary. We also regularly help clients

Unclaimed Property

One issue that many businesses, both large and small, frequently overlook is compliance with state abandoned property laws. All states have laws requiring businesses to report and remit unclaimed property, such as uncashed payroll checks, unclaimed payments, overpayments, refunds or credit balances involving vendors, suppliers or customers, unclaimed dividends and securities, unredeemed gift certificates or merchandise coupons, and unidentified remittances.

The state takes custody of this unclaimed property until the owner (if ever) claims it from the state. With heightened scrutiny of corporate accounting, the requirements of the Sarbanes-Oxley Act and the continued peril of multistate audits conducted by contingency fee audit firms, it is critical that businesses minimize their exposure to state unclaimed property claims that could impact their operations and financial results.

The firm has a nationally recognized unclaimed property practice. We represent both publicly traded and privately held clients in unclaimed property audits, administrative investigations and litigation involving all states. The practice helps clients determine whether their business operations are producing unclaimed property liabilities and how those operations can be restructured to minimize their unclaimed property exposure.



TAX CONTROVERSY

Neal Gerber Eisenberg has established a concentrated federal tax controversy practice in the representation of individuals, estates, trusts, partnerships and corporate clients on all aspects of federal income, gift, estate and employment tax controversies. This area of representation includes several large multinational (both public and privately held) corporations subject to the IRS's Large Business and international coordinated examination and industry specialization programs.

One particular aspect of this practice involves the representation of large corporate and other clients in extended tax audits before the IRS Examination Division, the negotiation of settlements of tax controversies with IRS Appeals Offices throughout the country and obtaining technical advice from the IRS National Office. These administrative proceedings have enabled the firm to effectively manage the successful resolution of hundreds of highly complex factual and legal issues involving potential tax deficiencies, penalties and interest in the aggregate amount of several billions of dollars.

TRANSACTIONAL TAX PLANNING

The firm's tax attorneys analyze, structure and negotiate tax-efficient solutions for our clients' complex business transactions. We have significant experience in planning all tax aspects of business formation, ongoing operations and organic transactions, including stock or asset acquisitions and divestitures, and internal restructurings.

We use our extensive knowledge and experience of sophisticated structuring techniques to maximize value for our clients. In some cases, this means achieving tax-deferral for our clients when desirable, and, in others, it means discovering and legally extracting latent tax value from transactions that otherwise would leave cash on the table for revenue authorities.

The group zealously protects its clients' tax interests in negotiating with their transactional counterparties, anticipating potential administrative challenges to tax positions and complying with the tax-related aspects of legal disclosure obligations.

“ It has the resources
of a large firm, but
maintains the individual
attention that you get
from a smaller firm. ”

- Chambers USA

SIGNIFICANT REPRESENTATIONS

- The firm provides legal counsel on the federal income tax aspects of corporate divestitures and acquisitions, partnership transactions and tax planning strategies for the benefit of publicly held and large corporate clients, wealthy and entrepreneurial-minded individuals, partnerships and other business entities. For example, the firm acted as principal tax counsel in connection with (a) a leading public satellite communications company in structuring management compensation as part of the divestiture of company assets; (ii) a \$300 million dollar joint venture transaction in the waste industry; (iii) the structuring and implementing of the tax-free spin-off of a client's multimillion-dollar subsidiary; (iv) the sale of a client's \$200 million hotel property portfolio in Puerto Rico; and (v) a private investment partnership, including tax planning with respect to a sale expected to generate approximately \$250 million of taxable gain, and tax advice regarding related complex tax allocation issues.
- The firm has represented various Fortune 500 companies in structuring tax-free reorganizations, spin-off transactions, partnerships and LLC joint venture agreements and cross-border transactions. For example, the firm acted: as principal tax counsel in connection with (i) a Fortune 500 packing company in tax structuring settlement of claims against investment banking firm arising out of delayed public offering of debt securities; (ii) a Fortune 500 company with respect to multiple waste-to-energy joint venture transactions; (iii) a Fortune 500 company in a \$150 million dollar joint venture involving new gasification technology; (iv) a Fortune 500 national security/contractor company in connection with post spin-off tax planning; and (v) a Fortune 500 company with respect to the tax structuring of an SEC settlement arising out of alleged securities violations by company executives.
- The firm has developed a national practice in the emerging field of unclaimed property laws, and represents numerous clients in a wide array of industries with complex multistate unclaimed property audits, litigation, voluntary disclosure agreements and transactional matters. For example, the firm is serving as principal unclaimed property counsel in connection with (i) an administrative investigation that a state Attorney General's office is conducting related to supplier shipments of parts and materials, and customer advance payments for purchase transactions that were terminated during the production phase; (ii) a 40-state examination of "rebate slippage" liabilities that arose when consumers failed to cash checks that a client had issued on behalf of its client companies that sponsored rebate programs; (iii) an unclaimed property audit of an interstate transportation services company that raised significant federal preemption issues; and (iv) novel unclaimed property and federal income tax issues presented in structuring several clients' gift card programs.

2011
RANKINGS

RANKED IN
CHAMBERS
USA
2011

Taxation ■ Tax Controversy

2011-2012
BEST
LAW FIRMS
AS RATED BY
U.S. NEWS & WORLD REPORT
Best Lawyers

Tax Law

- The firm represents large publicly traded and privately held businesses in state tax controversies, transactional matters and planning involving multistate corporate/franchise taxes, gross receipts taxes, sales and use taxes and other business privilege taxes. For example: the firm served as principal state tax counsel in connection with (i) a Fortune 500 company's sale of a commodity trading subsidiary, which involved the drafting and submission of 15 private letter ruling requests and voluntary disclosure agreements; (ii) a Fortune 500 company in two state income tax cases involving the state's addback of intercompany royalty expense deductions on the relevant state income tax returns; and (iii) an administrative appeal of a \$1.2 million assessment of state taxes, penalties and interest in connection with a client's purchases of steam, electricity and other energy from a captive utility company for use in the client's paper mill.
- The firm represents both corporate and individual clients, including large multinational public and privately held corporations, subject to the Large and Mid-Size Business ("LMSB") coordinated examination and industry specialization programs of the IRS. Most recently, the firm represented a multibillion-dollar privately held set of related businesses in an examination that lasted nearly three years, and resulted in less than 10 unagreed issues that will be briefed and forwarded to the IRS Appeals Division for consideration. It is estimated that the firm has resolved several hundred complex issues, by trial or negotiated settlement, involving an array of complex factual and legal issues, and asserted tax deficiencies, statutory interest and penalties in excess of \$5 billion.
- The firm acted as principal tax controversy counsel in a case involving hundreds of related taxpayers and achieved a complete settlement of all issues relating to deductibility of several hundred million dollars in payments to a governmental agency relating to the failure of a banking institution. Despite the government's initial demand for a full concession by all taxpayers involved, the settlement assured that all payments will be fully deductible (in the case of the corporate taxpayers) or allowable as capital losses (in the case of non-corporate taxpayers). The continuing impact of the final settlement extends over a fifteen year period.
- The firm acted as principal tax controversy counsel in the case of a professional trade organization (the largest of its kind in the United States) and successfully defended against the government's attempt to reclassify its national network of thousands of independent contractor instructors as employees for federal employment tax purposes. Through development of extensive evidence that the organization's treatment of its instructors was consistent with longstanding industry practice and supported by the advice of outside professional advisers, the firm was able to establish the organization's eligibility for statutory safe harbor relief from the attempted worker reclassification, which preserved status and eliminated millions of dollars in additional employment tax exposure to the organization and its in excess of 100 chapters nationwide.
- The firm represented leading national boxing promoter in connection with federal tax controversy matters relating to a professional boxer and his company.
- The firm is acting as lead counsel in a lawsuit by a Fortune 500 company challenging a state Department of Revenue's assessment under the state's tax amnesty act of more than \$2 million of double interest on additional state income taxes that this client ended up owing for certain tax years as a result of "federal change" adjustments by the IRS to the client's federal returns for those tax years. The client contends that the double interest provision does not apply to its "federal change" adjustments because they had not yet been determined when the amnesty filing period ended. The relevant state courts have not yet addressed this question, and the client's case should impact a significant number of other taxpayers with federal change adjustments.

“ *Dynamic and built around
highly qualified lawyers who
provide sophisticated,
solutions-oriented advice.* ”

- Chambers USA



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