



One Firm Worldwide<sup>SM</sup>



## TAX PRACTICE

Every year, the tax laws around the world become more complex and pervasive; at the same time, governmental agencies feel increased pressure to generate revenue. Jones Day's Tax Practice assists clients in responding to this difficult environment by emphasizing the development of creative, practical solutions to tax problems. The practice begins with a foundation of solid technical experience. It stresses familiarity with current business practices and developments, as well as the ability to deal effectively with government officials at all levels. The knowledge and experience of each lawyer on the Tax team is made available Firmwide through a long tradition of close collaboration and cooperation. By following this approach, Jones Day is able to provide in-depth advice on a broad spectrum of complex tax matters that are affected by constantly changing laws, regulations, and procedures.

The focus of the Tax Practice reflects the changing business environment in which we live: tax law is becoming more dispute-oriented, more international in scope and, despite efforts to the contrary, more complicated and subject to frequent revision. The client service challenges created by complexity and change are addressed in part by the identification and development of Firm leaders in key areas of practice. These lawyers combine extensive experience with an understanding of the latest developments in their field, and many have been recognized as among the world's outstanding tax practitioners.

Our Tax team includes more than 100 lawyers located in eight U.S. and seven non-U.S. offices. The Tax Practice covers U.S. federal income taxes, state and local taxes, and taxes assessed by foreign jurisdictions. The practice provides advice on tax planning,

controversies, and legislative and regulatory matters. Through the various offices of the Firm, both in the U.S. and beyond, Jones Day tax lawyers are able to respond to the multijurisdictional concerns that clients frequently encounter.

## INTERNATIONAL

The Firm's international tax presence has grown in response to the increasing globalization of business. Jones Day tax lawyers resident around the world have experience in the tax systems of most of the major developed countries and are, in many cases, nationals of and admitted to practice in those countries. Our tax lawyers are experienced in handling complex international transactions, such as cross-border investments, and in restructuring businesses to reduce multinational tax exposure. The Firm not only provides U.S. and non-U.S. tax advice on inbound and outbound investments but also has the capability in most countries that are major U.S. trading partners to provide related legal advice in other disciplines (including corporate, antitrust, trade, contract, and dispute resolution). The Firm's lawyers who are qualified in non-U.S. tax law have considerable experience in dealing with U.S. businesses and are familiar with U.S. business needs, priorities, and methods. In addition, the Firm's U.S.-based tax lawyers provide advice on Subpart F, PFIC, foreign tax credits, sourcing, §936, deduction allocation, transfer pricing, and FIRPTA matters.

## TRANSACTIONAL COUNSELING

The Firm has long provided sophisticated federal and state tax advice to privately and publicly held corporate clients that are in the process of acquiring or divesting businesses. Our lawyers participate in the planning for a large variety of such transactions, including mergers and acquisitions (taxable and tax-free), dispositions, and spinoffs. The Firm also provides counseling on the tax aspects of significant internal corporate matters, including restructurings, reviewing proposed transactions, and advising on tax return reporting positions. Our tax lawyers advise on the tax implications of transaction alternatives, help develop appropriate deal structures, and draft and negotiate the tax provisions of related documents.

## FINANCIAL PRODUCTS

The Firm's tax attorneys have experience with tax-sensitive financial products and techniques and with the tax aspects of financings generally. This experience extends to the international arena, where differing tax, regulatory, and accounting treatments between and among jurisdictions can produce significant benefits. Our tax lawyers have been active in developing new tax-advantaged products, including structured finance products, often working closely with investment bankers and others in the business community. The Firm also does extensive work with more traditional tax-oriented financial products, such as different types of leases and municipal bonds, as well as asset securitization structures.

## BUSINESS RESTRUCTURING AND REORGANIZATION

The Firm's tax lawyers have extensive experience in bankruptcy reorganizations, having played a major role in dozens of major cases in recent years. Those that are a matter of public record include Alderwoods Group, Inc.; Burlington Industries; Dow Corning; Globalstar; Kaiser Aluminum; Kmart; Laidlaw; LTV; NationsRent; Oglebay Norton; Pillowtex; USG; and Williams Communications. In response to the increasing scope of the Firm's bankruptcy practice, the Tax Practice has created an informal bankruptcy tax team to coordinate staffing, training, and client service. In connection with their representation of debtor corporations, our tax lawyers have participated (along with the Firm's litigators) in a number of high-profile tax litigation matters, including the Dow Corning decision on the accrual of interest by a debtor during bankruptcy, the decision permitting Federated to deduct its "break-up fees," and the decision permitting Elder-Beerman to exclude tenant allowances from income. They also have considerable experience with issues involving the preservation and effective utilization of net operating losses and other tax attributes, cancellation of indebtedness income, tax-oriented bankruptcy dispute resolution, and developing and negotiating new corporate structures with competing interest groups, including the negotiation of closing agreements with the IRS. Tax lawyers work closely with bankruptcy, corporate, and litigation lawyers in developing strategies, enhancing tax attributes, and reducing tax liabilities of financially troubled business entities.

## FEDERAL TAX DISPUTES

Jones Day's Tax Practice has broad experience in handling federal tax disputes, from initial IRS audits through all levels of appeals and litigation. Our tax lawyers have an excellent record of settling IRS claims quickly and favorably at the administrative level.

## STATE AND LOCAL TAXES

States and localities actively seek to increase revenues by expanding actual and apparent jurisdiction to tax, raising rates, imposing new taxes, and aggressively administering existing revenue laws. The Firm's state and local tax attorneys provide counseling in all aspects of dispute resolution and transactional planning. Tax controversy representation includes counseling on managing multijurisdictional tax disputes and U.S. constitutional issues. The Firm has provided counseling in numerous cases involving nexus, unitary and combined return issues, factor relief appeals, income tax accounting, and related attorneys' fees reimbursement awards. Reflecting the increasing importance of the constitutional implications of state taxation, the Tax Practice, in cooperation with the Firm's Issues & Appeals Practice, provides advice and litigation assistance regarding major constitutional issues in many state appellate courts and participates in major state tax appeals before the U.S. Supreme Court.

Through its presence in major business jurisdictions and its national experience, the Firm provides counseling in the state and local tax aspects of diverse business transactions, including acquisitions and dispositions and corporate restructurings. The Firm's state tax lawyers provide advice on reducing tax exposure by redesigning methods of doing business and by reconfiguring existing business structures. In addition, the *State Tax Return*, a monthly Jones Day newsletter, is sent to several thousand clients and friends of the Firm. It provides summaries of important state tax legislation, administrative positions, and litigation.

## PARTNERSHIPS AND OTHER PASS-THROUGH ENTITIES

The Firm has extensive experience related to the tax treatment of partnerships, limited liability companies (LLCs), and other pass-through entities. The Tax Practice has long provided sophisticated advice to a variety of venture capital funds and has played an integral part in the planning and creation of corporate joint ventures in partnership and LLC form. In the real estate area, in addition to substantial experience with debt restructurings, the Firm has been heavily involved in the securitization of real estate and real-estate-related products. The Firm's tax lawyers have considerable experience with REITs and REMICs (from both the issuer and underwriter sides), partnership roll-ups, and other methods of raising capital for real estate wholesale, as well as with the increasing focus by major corporations on deriving value from their real-estate-related assets.

## FEDERAL LEGISLATIVE AND ADMINISTRATIVE PRACTICE

The Firm maintains substantial experience in dealing with the IRS National Office at all levels. Many Jones Day tax lawyers have previously worked in the IRS or Treasury Department or on congressional tax committee staffs, and they are quite familiar with government personnel and procedures. Jones Day has excelled in obtaining favorable results through private letter rulings and technical advice memoranda. The Tax Practice also counsels on current thinking and possible trends at both the IRS and the Treasury Department. In addition, the Firm has provided policy-oriented representation at the IRS, at the Treasury, and on Capitol Hill.

## HEALTH CARE/TAX-EXEMPTS

The Tax Practice has played a significant role in the Firm's health care specialized industry practice. Members of the Tax team have experience with the rules and regulations governing the delivery of institutional health care services by multihospital systems, managed-care entities, clinics, and privately owned

ambulatory care and surgical services, many of which require extensive tax analysis in order to ensure compliance with the tax laws. The Firm's tax lawyers provide advice regarding the formation of hospital/physician integrated delivery systems and have assisted in obtaining and maintaining tax-exempt status for health care organizations. The Firm counsels clients with respect to lobbying and political activities by tax-exempt entities, unrelated business income, private inurement and private benefit issues, structuring relationships with taxable subsidiaries, and participation by tax-exempt organizations in joint ventures, mergers, acquisitions, and affiliations. The Tax Practice also assists clients with coordinated IRS examination program audits of health care systems, negotiations of closing agreements, obtaining private letter rulings and technical advice, and litigation in the Tax Court on issues relating to health care clients.

## EXECUTIVE COMPENSATION

In coordination with the Firm's employee benefits and corporate lawyers, Jones Day provides a broad range of executive compensation advice, including plan design and drafting, proxy statement disclosure, and resolving the

special problems that arise in mergers, acquisitions, and other major business transactions. The Firm has extensive experience in developing omnibus benefit plans, formulating option plans and agreements, and designing a variety of nonqualified deferred compensation arrangements, including techniques for assuring payment of benefits. Tax lawyers counsel on developing and adopting golden parachute, severance, and employment agreements; provide guidance on the \$1 million cap on executive pay; and are knowledgeable in handling a wide array of change-in-control benefit problems. The Firm is a leader in advising on the international aspects of executive compensation, including equity-based compensation provided by foreign entities to U.S. employees and by U.S. entities to foreign employees.

## ADDITIONAL INFORMATION

For additional information regarding the Tax Practice, please contact your principal Firm representative or one of the lawyers listed in this publication. General e-mail messages may be sent using our "Contact Us" form, which can be found at [www.jonesday.com](http://www.jonesday.com).

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## JONES DAY GLOBAL LOCATIONS

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