



## TAX LAW

Riker Danzig's Tax Law Group has a broad practice capability at the state, federal and international levels and provides tax planning and advisory services for small and large corporations, limited liability companies (LLCs), partnerships, not-for-profit institutions and individuals. The primary areas of our tax law practice are:

- General business taxation
- Representation of tax-exempt entities
- Tax litigation and controversies
- Executive benefit planning
- State and local taxation
- International taxation
- Personal tax planning

Riker Danzig's tax law group has a strong business orientation and capabilities in transactional planning as well as in more routine tax matters. Our approach in any given transaction is to effectively utilize innovative tax planning and tax expertise to accomplish client objectives and minimize tax costs.

### **General Business Taxation**

Riker Danzig's tax law group works closely with the firm's corporate attorneys in the analysis and structuring of corporate mergers, sales, acquisitions, financings and a full range of other corporate transactions. Our tax law group is also involved with business formations and advises on the relative attractiveness, from a tax standpoint, of corporate, LLC, partnership and joint venture forms of business involving:

- Ongoing business operations
- Venture capital transactions
- Mergers and acquisitions
- Tax planning in bankruptcies
- Business reorganizations and start-ups

- Corporate financing transactions
- Leveraged buyouts
- Leasing transactions

Closely Held Business Entities Over the years, the firm has developed a strong expertise in the issues relating to closely held corporations. We regularly counsel clients on:

- Entity and new venture planning
- Limited liability companies
- All aspects of S corporation taxation and planning
- The tax-favored structuring of all varieties of corporate transactions and business activities
- Avoiding unreasonable compensation problems and taxable distributions (disguised dividends), as well as potentially advise executive compensation issues arising out of Code Section 409A.
- The tax-advantaged methods by which the closely-held business can be passed to the next generation
- All tax and business issues that arise in the day-to-day operations of the business.

One of the most important aspects of our practice on behalf of closely held businesses is estate planning involving the transfer of family-owned businesses from one generation to the next at the lowest possible tax cost. This planning often includes advice on ways an estate may be structured to solve liquidity problems without selling all or part of the business and to provide for the orderly succession of the business to the next generation.

Partnerships and Limited Liability Companies Riker Danzig also has broad tax law experience in structuring general and limited partnerships and LLCs, and in handling the various tax considerations that arise in the operations of these business enterprises. We can utilize the entire flexible array of alternatives that are available in the partnership format and apply to partnerships as well as LLCs, including the use of special allocations and preferences to facilitate client goals. We have structured and restructured many variations of LLCs and partnerships to accommodate new investment opportunities and in workout situations, and implemented creative partnership and limited liability vehicles in innovative settings to avoid multiple taxation while providing limited liability. We have also implemented family business arrangements to accomplish effective estate planning, and implemented tax-favorable equity incentive compensation arrangements involving partnership "profits interest."

Real Estate Transactions Riker Danzig has a broad-based and extremely active real estate law practice. We have extensive expertise in handling all types of transactions and providing guidance on the most advantageous structuring of transactions to achieve clients' non-tax goals while optimizing tax results.

We handle acquisitions, leasing (both landlord and tenant), development (including obtaining necessary permits and environmental clearances), construction, financing, expansion and disposition of real property, each in all of its

myriad forms, both simple and complex. AT&T, Schering-Plough, Exxon, Lucent Technologies, Bed, Bath & Beyond, Mobil Oil Company, and other businesses have used our services to acquire, finance, expand and dispose of corporate enterprises, facilities and real property. These transactions often present unique tax planning opportunities because of the wide range of available structures to achieve a given business goal.

We regularly counsel clients in the unique opportunities available to real estate clients to defer taxation on the disposition of real estate holdings through tax-free exchanges or contributions to UPREIT entities.

We also represent a large number of joint venture general and limited partnerships and LLCs that require specialized tax planning in complicated real estate and commercial transactions. In addition, we represent several national lenders and numerous state financial institutions as lender's counsel in transactions involving, or secured by, New Jersey real estate. In transactions involving out-of-state lenders, we structure financings with avoidance of local New Jersey taxes in mind.

Start-Up Ventures We represent a variety of successful start-up businesses, providing them with comprehensive counseling that also extends to certain of the unique tax issues they may face. Those issues include the structuring of employee equity compensation (stock option, bonus and phantom stock plans), multi-state sales and income tax issues, the tax-advantaged structuring of venture capital, and the tax sensitive positioning of those companies who expect to go, or are in the process of going, public.

### **Tax-Exempt Entities**

Our attorneys also have considerable expertise in the organization, tax qualification, and operation of tax-exempt public charities and private foundations. Our attorneys have represented numerous tax-exempt entities in mergers, consolidations, sales, acquisitions and other transactions. We represent a wide variety of charities and are well versed in the many charitable planning techniques available to individuals.

### **Tax Litigation and Controversies**

We represent individuals, corporations and partnerships in all varieties of state and federal tax disputes with the Internal Revenue Service and the New Jersey Division of Taxation. In addition to representing clients in complex audit situations, our tax attorneys handle IRS Administrative appeals and tax litigation in the U.S. Tax Court, U.S. District Court and the New Jersey Tax Court. Our tax attorneys are familiar with all aspects of tax procedure and have frequently requested and obtained favorable tax rulings and other administrative tax relief for our clients.

### **Executive Benefit Planning**

We have also designed and implemented non-qualified deferred compensation arrangements for our clients and

their employees, both in the publicly held and closely held business context. These plans include stock options, restricted stock awards, bonus plans, SERP and other "excess benefit" plans, phantom stock plans, rabbi trusts and secular trusts, among others.

We have counseled clients from the perspective of both employer and employee and have been instrumental in obtaining and creating favorable deferred compensation arrangements for many of our highly compensated executive clients. Most recently, we have extensively counseled clients on taking steps necessary and bring all nonqualified deferral compensation plans into compliance with Section 409A of the Code.

## **State and Local Taxation**

Tax attorneys in our firm have extensive experience in the various areas of state and local taxation. We have represented our clients in complex state tax audits. Our representation of clients before the New Jersey Tax Court has resulted in a variety of published opinions on such significant state tax issues as unitary taxation and the constitutional reach of state taxation.

## **International Taxation**

Riker Danzig's international tax law expertise includes the areas of taxation of foreign entities and individuals doing business in the United States and the taxation by foreign countries of U.S. businesses and individuals abroad. In helping U.S. and foreign clients reduce or defer taxes arising from their multinational operations, we advise on the structuring of proposed business transactions and tax planning with the U.S. tax law as it applies to international business activities. We are familiar with the many tax treaties to which the U.S. is a party and are experienced in applying the various foreign tax credit provisions of the Internal Revenue Code. Our tax attorneys have a special expertise in the estate, gift and trust taxation problems of foreign individuals, and U.S. individuals (and fiduciaries) with non-U.S. assets and beneficiaries.

## **Personal Tax Planning**

Most of Riker Danzig's personal income tax planning is done for high net worth individuals and closely held business owners, and frequently involves a combination of estate and income tax planning, and business planning.

The focus of our planning services is to minimize estate and income taxes and to keep family property and businesses intact to the fullest extent possible. Our attorneys are well acquainted with the entire array of available estate and income tax planning techniques, and have applied those techniques in a wide variety of situations that have resulted in substantial tax benefit to our clients.