

Tax

Our Tax Team provides clients and their advisors with strategic tax advice with the goal of reducing taxes associated with business activities and significant transactions. We advise clients on taxation issues at the federal, state and local levels, and are recognized as leaders for our advice related to tax review, compliance, reporting and controversy.

Our team is highly ranked in the *U.S. News – Best Lawyers*[®] annual “Best Law Firms” survey. We serve clients in the following areas:

Federal Tax

Our Tax Team advises clients on tax issues arising in connection with the formation and restructuring of business entities; the purchase or sale of assets; mergers, acquisitions, divestitures and other reorganizations; public and private financing; tax-credit subsidies; and a wide range of events that give rise to income or costs that must be accounted for. Our goal is to ensure that our clients have considered and utilized appropriate tax-saving strategies in all of their affairs.

We work with clients to resolve tax controversies with the Internal Revenue Service (IRS) at the examination level, in administrative appeals and, when appropriate, in litigation. Our attorneys have represented clients in tax matters before the U.S. Tax Court and the Court of Federal Claims and in appeals to the Second, Ninth and Federal Circuits.

State and Local Tax

Our team identifies state and local tax saving opportunities for clients in their ongoing businesses. We also assist with entity formation and structuring business transactions such as sales and acquisitions of businesses and real estate. Our capabilities cover the full range of state and local taxes, including income, gross receipts, sales and use, estate, employment and special excise taxes.

We represent clients before the Oregon and Washington State Departments of Revenue in the course of audits, administrative appeals, interpretive procedures and predeterminations of tax liability. Our team has a track record for achieving favorable results for clients in tax litigation in Oregon and Washington.

International Tax

We have considerable experience in handling the tax consequences of business and investment transactions that cross international borders. Members of our team advise U.S. and foreign companies on structuring their business activities to minimize foreign and U.S. taxation.

Inbound: Our Tax Team advises non-U.S. individuals and business entities on the U.S. tax consequences of establishing, conducting and terminating business activities in the U.S. Our services include advising clients on the selection, formation and capitalization of business entities, expatriation strategies and structuring of commercial operations.

Outbound: Our attorneys assist clients with structuring non-U.S. investments and operations and making effective use of treaties to reduce the complexity and tax cost of doing business outside the U.S. We work with clients to address such matters as withholding taxes, export incentives, foreign tax credits and branch profits taxes.

Employee Benefits and Executive Compensation

We provide sophisticated and comprehensive advice to corporations, governmental entities and multiemployer plans on a broad range of compensation and benefits matters. We prepare documents for and provide advice on:

- Design, administration and tax treatment of qualified retirement plans (including defined benefit plans, ESOPs, and profit sharing and 401(k) plans);
- Non-qualified retirement plans (including deferred compensation plans, supplemental executive retirement plans and excess benefit plans);
- Equity compensation plans (including equity plans granting stock options and restricted stock, and phantom equity plans granting restricted stock units and stock appreciation rights);
- Health and welfare plans (including fully insured and self-funded plans, cafeteria and flexible spending arrangements, multiple employer welfare arrangements, health savings accounts and other plans); and
- Other compensatory arrangements (including change-in-control agreements, long-term incentive compensation plans and severance agreements).

We have extensive experience dealing with the IRS, the Department of Labor and the Pension Benefit Guaranty Corporation on matters involving benefit plans. We counsel our clients on matters involving corporate governance as well as their fiduciary duties under ERISA. We assist with disputes regarding employee benefit, equity and other compensation claims, including litigation for ERISA and non-ERISA plans and arrangements.

Charitable and Tax-Exempt Organizations

We assist nonprofit corporations with obtaining and maintaining tax-exempt status, and we provide advice on project financing (including financing benefiting from federal and state tax credits), ownership structure for charitable and for-profit activities, joint ventures with for-profit businesses, unrelated business taxable income and tax-exempt financing. We have substantial experience with public/private partnerships and advising tax-exempt clients on governmental relations issues.

Trusts and Estates

Lane Powell has an active trusts and estates practice. Our attorneys focus on estate planning, estate and trust administration, and charitable-gift planning for high net worth and ultra high net worth individuals and business owners. We work closely with clients to understand their estate planning goals, then meet those goals by working collaboratively with the client's other advisors to provide innovative, tax-sensitive solutions. Many of our clients own interests in closely held businesses, and we work closely with those business owners to ensure that their estate plans are tailored to address their unique business succession concerns. Our attorneys have extensive experience in all facets of estate and trust administration, including preparation of transfer tax returns and representation of clients before the IRS in gift and estate audits. Several attorneys in the team focus their practice on trust and estate dispute resolution. We regularly represent

fiduciaries, beneficiaries and family members in contested matters before the courts or in alternative dispute resolution proceedings, such as arbitration or mediation. We recognize the important role that philanthropy plays in many clients' plans, and our attorneys frequently provide advice on the formation and administration of private foundations, split interest charitable gifts and donor advised funds.

Experience

City of Tacoma v. Mary Kay, Inc*

Washington Court of Appeals

Represented taxpayer in City's appeal of an administrative ruling granting taxpayer a refund.

HomeStreet, Inc. v. Washington Department of Revenue

Washington Supreme Court

Represented taxpayer in a matter addressing the deductibility of interest income derived from residential first mortgage loans that were securitized on a servicing retained basis. The Legislature subsequently codified the Supreme Court's favorable ruling.

Shell Oil Co. v. Washington Department of Revenue*

Represented Shell Oil Co. in appeal regarding proper valuation of barter transactions.

Estate of Kurt Cobain v. Washington Department of Revenue*

Thurston County Superior Court

Successful refund suit challenging whether estate was engaged in business.

KMS Financial Servs., Inc. v. City of Seattle (KMS I)*

Washington Court of Appeals

Represented taxpayer in challenge to unfairly apportioned city tax.

Corporate Express Office Products, Inc. v. City of Seattle*

Washington Court of Appeals

Represented taxpayer in city's appeal of an administrative ruling granting taxpayer a refund.

New Wave Group AB Acquisition of Ahead, Inc.

Advised New Wave Group AB in its strategic acquisition of Ahead, Inc., a Massachusetts-based headwear and apparel company.

New Wave Group AB Acquisition of Paris Glove of Canada, Ltd.

Advised New Wave Group AB in the cross-border acquisition of Paris Glove of Canada Ltd, a Montreal, Canada-based manufacturer of gloves and golf apparel.

American Honda Motor Co., Inc. v. Department of Revenue

Case No. 060524B | Oregon Tax Court

Income tax, partial summary judgment for American Honda. Interest income on car loans purchased by finance subsidiary and on wholesale loans by finance subsidiary to dealers not sourced to Oregon.

AT&T Corp. v. Department of Revenue

Case No. 15 OTR 202 | Oregon Tax Court

Summary judgment for AT&T, \$3,000,000 income tax refund.

Oracle Corporation v. Department of Revenue

Case No. TC-MD 070762C | Oregon Tax Court

Income tax, Department of Revenue (DOR) motion for partial summary judgment denied. Taxpayer not required to report income as business income or non-business income uniformly in each state.

Thermal Hydra Plastics LLC Acquisition of Hydra Plastics Inc.

Represented Thermal Hydra Plastics in connection with its acquisition of Hydra Plastics, Inc., d/b/a Clearwater Spas, a manufacturer and distributor of hot tubs.

WTD Industries, Inc. v. United States

Case No. 95-8483 et al. | U.S. Bankruptcy Court, Western District of Washington
(In re WTD Industries, Inc.) Federal income tax; settlement, substantial tax refund.

Weyerhaeuser v. Department of Revenue

Case No. 980749 | Oregon Tax Court

Oregon income tax, settlement, substantial tax refund.

New Cingular Wireless PCS, LLC v. City of Clyde Hill

Case No. 374 P.3d 151 (Wash. 2015)

Represented taxpayer on appeal affirmed by the Washington Supreme Court establishing taxpayer's right to bring declaratory judgment action to challenge a city assessment by filing a de novo action in superior court.

Kunath v. City of Seattle

Case No. 10 Wn.App.2d 205 (2019), review denied 195 Wn.2d 1013 (2020)

Represented plaintiffs challenging Seattle's income tax. The trial court ruled that Seattle does not have statutory authority to impose an income tax without reaching constitutional issues. The Court of Appeals affirmed on alternative grounds holding that the ordinance violated the Washington constitution.

Gabelein v. Diking District No. 1 of Island County

Washington Court of Appeals

Represented Diking District in challenge to method by which District developed its benefit assessment roll.

InterCambio Express v. Department of Revenue

Thurston County Superior Court

Represented taxpayer in matter addressing how receipts from money transfer services are sourced. Department subsequently adopted trial court's ruling for taxpayer in a published excise tax advisory.

LendingTree, LLC v. Washington Department of Revenue

Case No. 12 Wn.App.2d 887 (2020)

Represented taxpayer regarding proper apportionment of state B&O tax under single factor apportionment statute. The Court of Appeals ruled in taxpayer's favor regarding the proper apportionment method.

KMS Financial Services, Inc. v. City of Seattle ("KMS II")

Case No. 12 Wn.App.2d 491 (2020)

Represented taxpayer challenging city tax assessment on apportionment grounds. The Court of Appeals held that the assessment was not fairly apportioned.

** Denotes experience at a previous firm*

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