



## TAXATION

The Kaufman & Canoles Taxation Group knows that, as tax laws continue to evolve and become more complicated, it can be nearly impossible for any business owner to keep up with the laws affecting that business. Any major business decision that fails to consider the tax implications can impose an unnecessary higher cost on the business. We make sure you understand the implications of every major decision you make so that you can meet both your business and taxation goals.

---

### who we are

The attorneys in our Taxation practice group are experienced in representing and advising clients in all areas of federal and state tax law relevant to their current business needs, including the formation, operation, expansion and termination of entities. We have had the opportunity to help countless clients, including publicly held and private corporations in the U.S. and international markets; closely held businesses and their owners; partnerships and limited liability companies; subchapter S and professional corporations; non-profit organizations (e.g., hospitals and educational institutions); and individuals.

### what we do

As with any business enterprise, cooperation is essential in achieving both the business and tax objectives. Our tax attorneys specialize in finding innovative solutions to sophisticated tax problems by routinely collaborating with the business's operators, financial accountants, and/or in-house attorneys. The attorneys in this group advise clients on the most tax advantageous methods for merging, acquiring or disposing of interests or assets held in their business, such as tax transfers to a controlled corporation, the liquidation of a subsidiary and the purchase or sale of real estate held within an entity. In addition to the federal taxation expertise, we also advise clients regarding state and local tax obligations and opportunities through available and applicable tax credits, deductions, exemptions and incentives. We advise international executives, foreign nationals with U.S. investments and U.S. companies and citizens investing in foreign markets.

A significant portion of our practice is the representation of real estate developers, investors and related entities. Tax deferral for the sale or purchase of real estate is a common goal of these clients, and our attorneys constantly oversee and implement tax-deferral methods such as Section 1031 like-kind exchanges and Section 453 installment sales. In addition, our representation of these clients extends to advising them on matters involving new markets tax credits, capital gains v. ordinary income planning on sale of assets, and net operating loss issues. We frequently consider the utility of limited liability companies (taxed either as a partnership or as a corporation electing subchapter S status) and subchapter S corporations in addressing clients' matters and resolving issues. We are also proficient in matters involving entities that are disregarded for federal income taxation purposes such as single-member limited liability companies and qualified subchapter S subsidiaries.

### what we do (cont.)

We have one of the largest and most experienced practices in Virginia representing clients before the Internal Revenue Service and Virginia Department of Taxation in both civil and criminal tax controversy matters including examinations and audits, appeals and protests, and representation before the U.S. Tax Court.

### representative matters

- Representation of multiple entities in a \$25 million Section 1031 Like Kind Exchange to include reinvestment and tenants in common agreements
- Successful settlement of \$900,000 Trust Fund Recovery Penalty Assessment
- Successful Tax Court litigation regarding Subchapter S Corporation elections and operations
- Successful negotiations at the examinations, appellate and Tax Court divisions regarding penalty assessments and abatements
- Representing and advising tax exempt organizations, including private foundations, in matters such as formation, obtaining and maintaining tax exempt status, structuring new ventures, compensation matters, political activities, tax exempt bond financing, local, state and federal tax matters and compliance, governance, mergers, reorganizations and changes in status, charitable giving, and general operations
- Joint ventures
- Advising tax exempt organizations, governmental issuers, and underwriters on tax matters relating to the issuance of tax exempt bonds and post-issuance tax compliance
- Tax controversies involving transfer taxes, tax exempt status and information reporting for tax exempt organizations, and tax exemption of bonds and arbitrage rebate
- Multiple estate tax returns and audits involving estates in excess of \$50,000,000
- Creating numerous GRATs with resulting distribution of assets to beneficiaries upon termination