

# Tax Planning for Business Transactions

## Careful Preparation Produces Positive Results

Careful consideration of federal and state tax law is critical in structuring relationships and transactions throughout the life cycle of a business. Each event — from choosing the form of an entity, compensating personnel, managing operations, obtaining financing, growing through mergers and acquisitions, to structuring an exit — has significant tax consequences.

We help our clients understand the tax impact of proposed strategies and we design and implement a path to a tax efficient result. We provide tax counsel with respect to:

- **Choice of entity.** (the decision to form an entity through which to conduct a business activity). We assist clients in choosing among the different types of entities available, including C and S corporations, limited liability companies and partnerships.
- **Acquisition and disposition of business assets and business interests.** We help structure tax-efficient transactions including stock and asset purchases and sales, management and leveraged buyouts, and taxable and tax-free mergers and acquisitions.
- **Executive compensation.** We provide tax advice with regard to compensation arrangements such as equity-based and other forms of compensation including restricted stock, qualified and nonqualified options, phantom equity plans, change of control bonuses, and severance. We also identify traps and opportunities related to Section 409A of the Internal Revenue Code (pertaining to nonqualified deferred compensation) and Section 280G (addressing golden parachute payments), so that compensation is included in income when it should be and penalties are avoided.
- **Tax-favored entities.** We ensure that operating agreements of limited liability companies, partnerships and investment funds are carefully drafted to reflect the parties' economic agreement, including preferred interests, profits interests, carried interests, and management fees.
- **Investment funds.** We advise private equity and venture capital investments funds in connection with their investment in, and disposition of, portfolio companies, including structures (such as the use of blocker C corporations) to avoid UBTI and ECI.
- **Restructuring troubled businesses.** We help troubled or failing businesses and their owners achieve a favorable tax outcome (minimize income and maximize available losses) in debt restructurings, bankruptcy or insolvency proceedings.
- **International business transactions.** We counsel our clients on the U.S. statutory and treaty tax aspects of international transactions and operations, including in-bound investments by foreign nationals and businesses and out-bound investments by United States nationals and

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businesses. We have also assisted clients in forming IC-DISCs.

- **State taxation of multi-state business operations, including Massachusetts corporate excise and sales and use taxation.** We advise our clients operating in more than one state on multi-state apportionment and nexus issues.
- **Special counsel to other law firms and/or accountants.** When specialized tax knowledge is necessary, we assist accountants and lawyers from other firms in connection with structuring their clients' business transactions.