

## → State and Local Tax

Sheppard Mullin counsels businesses and individuals on a broad range of state and local tax issues, from front-end planning, to compliance, to audit defense and tax controversy. As state and local governments become increasingly aggressive in their efforts to raise revenue, and changing laws dramatically alter the SALT landscape, our team helps clients comply with their state and local tax obligations while minimizing their tax burdens.

In addition to planning and compliance, our SALT team represents clients in tax disputes at every stage of the process, from audit through appeals. We draw on our extensive experience working with state and local taxing agencies to resolve disputes as quickly and efficiently as possible, including through settlement or alternative dispute resolution when appropriate. Nevertheless, sometimes litigation is a taxpayer's only viable option to protect its interests. Our attorneys have litigated tax disputes in front of a wide range of state administrative and judicial bodies, as well as state trial and appellate courts.

- Our SALT team has extensive experience in a broad array of multistate tax disciplines, including:
- SALT diligence, planning and analysis for restructurings, mergers, acquisitions, spinoffs, and asset sales
- Pre-liquidity SALT planning for closely-held businesses and their owners
- State tax nexus and Public Law 86-272 protection
- Allocation and apportionment of income
- Classification, taxability, and sourcing of transactions for sales and use tax purposes
- Business / non-business classification of income
- California's complex property tax "change in ownership" rules
- State and local real estate transfer taxes and controlling interest transfer taxes
- Local business license, utility user, gross receipts, and similar taxes
- Residency and income sourcing for personal income tax purposes

Our broad depth of experience allows us to approach SALT matters in a strategic, holistic manner, custom tailoring solutions to achieve results that are both comprehensive and an efficient utilization of resources.

### Experience

- Represented numerous California taxpayers in income tax residency audits and disputes, including sourcing of stock options and related petition for recovery of attorneys' fees.
- Represented a large information services company in a California franchise tax protest of the Franchise Tax Board's disallowance of claimed research tax credit.
- Represented numerous taxpayers in Los Angeles business license tax audits.
- Represented a large company in a Texas franchise tax unitary business dispute.

- Represented a large event services company in a California sales and use tax audit.
- Represented a large information services company in appeal and litigation of an Illinois business/nonbusiness income issue.
- Represented a large SaaS company on multistate issues regarding characterization and taxability of services for indirect tax purposes, including planning, voluntary disclosure, and audit defense.
- Represented California taxpayers in favorable resolution of audit involving qualified small business stock.
- Represented a multinational conglomerate in connection with its California franchise tax protests of certain unitary group composition and business/nonbusiness income determinations.
- Represented multinational wholesaler of home products in California franchise tax dispute involving whether activities in California exceeded scope of Public Law 86-272 protection.
- Represented numerous taxpayers in California Prop. 13 change in ownership audits and appeals.
- Represented various California commercial solar developers and investors on a myriad of California tax issues, including sales and use tax and property tax exemptions.