

OUR PRACTICE

Reshoring of Manufacturing Operations

Baker Donelson's Tax Group has a broad range of practice that includes experience with international and U.S. federal, state and local taxation issues.

Our tax attorneys assist manufacturers in the organization, formation and relocation of their businesses and subsidiaries, as well as in seeking tax and related incentives for manufacturing projects from various state and local authorities to achieve favorable tax results. Our tax attorneys regularly provide clients with sophisticated federal and international tax advice on the application of U.S. tax laws covering matters such as:

- Business tax planning
- Employment classifications and tax compliance, audit preparation and representation within the IRS administrative appeals process
- Tax litigation with the IRS
- Enforcement actions by the IRS

We stay informed of significant IRS rulings and notices, proposed regulations, court decisions and related procedures affecting federal tax law, and put that knowledge to use for our clients. The Tax Department regularly updates our clients on current and proposed legislation, with detailed analysis and direct contacts for clients needing more information. The Tax Department also works with state legislatures to seek amendments and other revisions to state laws regarding incentives and related issues that may affect manufacturers.

Business Planning, Mergers and Acquisitions and Succession Planning

At every stage of the business life cycle, manufacturers seek to minimize their tax burden. Baker Donelson's tax attorneys assist manufacturing clients beginning with the formation of the business entity and on to the company's operations and growth strategies, including mergers, acquisitions and reorganizations.

In the start-up phase, we assist manufacturing clients in the choice and formation of the most appropriate business entity for their particular business and tax needs. Clients are advised on the relative advantages and disadvantages of using a specific type of business entity, whether a partnership, limited partnership, limited liability company, corporation, S corporation or other type of U.S. or international business entity. We also counsel our manufacturing clients on the most advantageous state or country in which to form the entity.

On the operational side, clients regularly consult with members of our Tax Group on matters such as the tax implications of employment agreements, non-compete agreements, deferred compensation agreements, stock options, accounting methods and retirement plans.

During the growth stage of a manufacturer's business, our attorneys assist in planning for acquisitions and mergers. The Firm has considerable experience in sophisticated acquisition techniques, including tax-favored acquisitive reorganizations, leveraged buy-outs and ESOP acquisitions. In reorganizations, we seek to achieve our clients' specific goals, whether it's strengthening the business financials, divesting a subsidiary or selling a division. If a client decides to close a particular venture, we assist in the liquidation and termination process.

Baker Donelson assists large and small manufacturers across the country and across all industries with business succession planning, which involves planning for both voluntary and involuntary transfers of the

ownership, management or assets of a business. Although smart business succession planning should ideally begin when a business is created, with the ownership's cooperation, a business may implement a sound succession plan at any point in its life cycle. We assist our clients in preparing for expected or unexpected changes in ownership, management or assets in a way that optimizes the post-change health of the business and its owners.

Employment Tax Classification and Compliance

Worker classification has recently become an area of focus for the IRS. In light of this, manufacturers must be mindful of how workers should be classified as well as how and when wages should be reported. Baker Donelson's tax attorneys work closely with our clients to advise them on the various classification factors used by the IRS in ascertaining whether to treat a worker as an employee or as an independent contractor. We also help structure employment arrangements that reflect the manufacturer's business needs and comply with federal tax laws. Attorneys in the Tax Department frequently represent clients before the IRS in a variety of employment tax disputes, including employment tax audits, worker classification audits, responsible person inquiries and trust fund penalty assessments.

International, Excise and Other Tax Matters

Our manufacturing clients routinely turn to us for consultation on the domestic tax effects of various foreign country income tax treaties, and we have addressed permanent establishment issues for clients whose activities may be subject to such treaties. In addition, we consult with our clients regarding the necessity for disclosure of foreign accounts, and we advise on participation in voluntary disclosure programs offered from time to time by the IRS with respect to such accounts. Our tax attorneys also deal with various other types of taxes imposed through the Treasury Department that may affect a business, including the highway excise tax and other such taxes.

Controversy and Planning Representation

Current economic conditions have forced state and local governments to continue their aggressive search for additional revenues. We know that manufacturers remain focused on managing their exposure to tax pressures, and our state and local tax (SALT) attorneys are dedicated to providing comprehensive, realistic and value-added services to our clients throughout the United States in dealing with those pressures.

Our SALT group includes 15 attorneys who provide consultation and advocacy for a broad array of clients regarding income, franchise, sales and use, gross receipts, property and other taxes imposed by state and local governments. Our tax attorneys have represented clients with SALT matters not only in all the southeastern states and Washington, D.C., where our offices are located, but also in more than 30 states, including California, North and South Carolina, Colorado, Florida, Illinois, Kansas, Maine, Maryland, Michigan, Minnesota, New Hampshire, New York, Oklahoma, Ohio, Pennsylvania, Texas, Virginia, Washington and Wyoming. We have also successfully litigated SALT cases for our clients and defended collection and enforcement actions in all of those states.

We guide, advise and represent our clients through all stages of tax disputes before state and local administrative agencies, and represent our clients in seeking relief within available amnesty, voluntary disclosure and penalty waiver programs. Additionally, our SALT attorneys advise clients regarding complex transactional issues, planning structures and multi-state opportunities, including tax incentives and credits.

In addition to our traditional representation of clients in SALT matters, our tax attorneys also represent our manufacturing clients in unclaimed property issues. Clients consult with us regarding the planning and defense

of unclaimed property audits, whether instituted by the state department of revenue, secretary of state or other offices of state government, including multi-state unclaimed property audits involving third-party contract auditors. We also represent clients in unclaimed property administrative or judicial controversies, as well as negotiate voluntary disclosure agreements on their behalf.

Learn more about our Tax Practice [here](#).