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Roberts & Holland: The Largest Tax Boutique in the Country

The Editor interviews Lary S. Wolf, Managing Partner of Roberts & Holland LLP.

Editor: Lary, how would you describe your law firm?

We are considered a tax boutique. We concentrate our practice on taxation – all areas of taxation – federal, international and state and local. We have about 40 lawyers, which while small for a New York law firm, is large for a tax firm. In fact, we believe we are the largest tax law firm in the country. From our offices in New York and Washington, D.C. we are able to service clients throughout the world.

Editor: How did your law firm come to focus only on tax matters?

Fifty years ago our founders, Sidney I. Roberts and William C. Warren, foresaw that the area of taxation was poised for enormous growth, and that an in-depth knowledge of the tax law would be required to properly analyze the tax impact of business and financial transactions. Their initial focus was in real estate and corporate matters. Then, anticipating the expansion of business activities across national borders, they co-authored a comprehensive treatise dealing with the U.S. taxation of foreign corporations and individuals that became the definitive reference guide for other tax professionals. Building on that expertise, they broadened the scope of the practice so as to address all the areas of federal taxation affecting U.S. and multinational enterprises. Thereafter, because of its growing significance as a cost of doing business, we expanded into state and local taxation, as well.

Editor: What accounts for your success as an independent law firm doing only taxes?

We feel that focusing only on taxation for sophisticated clients keeps us on the leading edge of current developments. Oftentimes, our clients seek our advice when they have exhausted their own resources and cannot solve the problem in house. They know we are dedicated to developing practical tax solutions to complicated business problems. Our partners are acknowledged authorities in their practice areas. As a result, they have developed excellent working relationships with government officials at Federal, state and local levels, as well as with legislators and their staffs, and are often called upon to provide input on legislative and regulatory matters.

Editor: What distinguishes your firm from the tax department of a large firm?

I would say it is the variety and breadth of our practice. In a large law firm, the tax department is usually a support function for the corporate department. As a result, the breadth of their experience is dictated by the variety of the corporate practice. So if the firm's corporate practice is concentrated in M&A or bank finance for example, then the tax department's work will be

limited to tax problems confined to those areas. Many of the practice areas in a law firm involve no taxes at all, so although the firm may be large, its tax practice may be very limited.

Our practice is different. Being an independent tax law firm, we generate all of our business ourselves. This requires us to focus all our attention on addressing the needs of our clients and potential clients, and in turn, prompts our lawyers to become "specialists" in areas of the tax law that are not only intriguing and challenging, but will be of value to our clients. Driven by the changing needs of the marketplace, this requires keeping pace with the global economy. Consequently, we have partners who are engaged full time in corporate tax, international tax, executive compensation, employee benefits, real estate taxation, controversy and litigation, state and local taxation, and estate and gift tax planning for executives and wealthy entrepreneurs.

Editor: What is your firm's approach to client service?

Although many firms would suggest that they use a team approach to delivering client service, we believe "our" team approach really delivers the greatest value to our clients. Because our clients come to us for our experience and in-depth capability, they expect and appreciate intensive partner involvement in their matters. Today's transactions have become so complicated that expertise in a number of tax areas may be required to develop the most effective solution. Because we consider our clients to be clients of the firm, and not a single partner, our partners have no reluctance to add other partners who have specialized experience to the client service team. This ensures that each client gets the benefit of the collective expertise of the firm on a cost-effective basis.

Editor: What types of clients do you have?

Our clients include major U.S. public corporations, many with international activities, as well as publicly traded U.S. and foreign institutions, such as banks, insurance companies, REITs and pension funds. We represent some of the world's largest closely held companies, and financial and real estate investors, developers, and operators. We are often brought in as special tax counsel to consult on major transactions involving planning, audits and litigation. Over the years, Roberts & Holland has been called upon to advise on sophisticated tax matters and controversies of virtually every kind, both here and abroad.

Editor: How do you expect Sarbanes-Oxley will affect your practice?

We believe that the impact has yet to be really felt, but that it will have an increasingly profound effect on how, and from whom, tax consultation services are purchased by public companies. It is becoming increasingly obvious that public companies will want to look beyond their auditing firm for tax advice and formal opinions. Although the initial reactions to Sarbanes-Oxley suggested that advance approval by the Audit Committee would permit a somewhat "business as usual" approach, recent events seem to be focusing more attention on the issue of the "independence" of the tax advisor. This would suggest that General Counsel and Tax Directors of public companies may begin to consider it judicious to have major transactions reviewed by truly independent tax counsel. We expect major companies to acknowledge the need for an independent perspective on their tax transaction planning and analysis. In that regard, we are seeing increasing requests to "cold review" the tax aspects of innovative transactions.

Editor: What are the main sources of your business?

We of course have a roster of significant, continuing clients, and a good portion of our work comes from referrals from existing clients. We also get referrals regularly from accounting firms and other law firms, because we do not compete with them in any area outside of taxation. Many law firms, including the majors, refer their clients to us when they have conflicts and they want to be sure that their clients get the best service, and also because the size and scope of our tax practice enables us to maintain a depth of expertise in substantive areas that other firms do not have. We also get a satisfyingly large amount of work from people who were on the other side of transactions, who then ask us to represent them on their next deal.

Editor: Are your clients confined to New York?

Because of New York's position as the financial center of the country, much of our work is done for clients that have New York operations. Fundamentally however, our client base is national and international, and many of our clients are headquartered outside the United States. Our Washington, D.C. office has a strong IRS national office practice and attracts many clients from across the United States.

Editor: How would you describe your corporate practice?

We provide tax planning for mergers, acquisitions, multi-country reorganizations, bankruptcy restructurings and leveraged buy-outs. We provide tax opinions in tax-free reorganizations and, through our Washington, D.C. office, secure rulings and technical advice from the IRS. We work with clients to develop tax strategies to maximize the benefits of dividend payouts, redemptions and other corporate distributions, to take advantage of the consolidated return regulations, and to minimize the impact of the loss carryover rules. We have structured spin-offs and other divisive reorganizations and devised plans to maximize the benefits of liquidations and dispositions of business segments.

We often are called upon to handle the state and local tax aspects of major corporate combinations and restructurings – from transaction taxes to planning for ongoing multi-state activities after the transaction. We have also found that although ERISA due diligence is usually performed on employee benefit plans before an acquisition, often the real in-depth analysis of plans and their problems is not undertaken until after the transaction. As a result, we have been called upon to supervise and coordinate voluntary compliance audits of corporate benefit plans, in anticipation of integrating them into the acquirer's plans.

Editor: What is the scope of your international tax practice?

We work in virtually every area of international taxation, from cross-border mergers and acquisitions, to joint ventures, spin-offs, restructurings, and asset-based financings. We have structured security, commodity, venture capital and investment funds and have advised on the acquisition, operation and disposition of a variety of publicly traded companies in Europe and the Far East. We have experience with tax treaties, intercompany pricing, Competent Authority, licenses, and cost-sharing arrangements. We provide cross-border income and estate tax planning to corporate executives, and families with members and assets in multiple jurisdictions. Our attorneys have been active in international taxation for decades, and through their leadership of international tax groups have developed strong working relationships with attorneys throughout the world.

Editor: How do you attract top quality lawyers?

We find that, because the nature of our practice is so concentrated on sophisticated tax planning and analysis, we do attract the top level of graduates from the best schools. Most young lawyers who join top law firms usually rotate among practice groups until they find a practice area in which to concentrate. Our young lawyers join us knowing that they want a career in tax law, and want to get the best experience possible. Our reputation for excellence, a collegial work environment, superior in-house training, and the opportunity to work directly with partners on complicated, cutting edge tax issues provides a fertile career path.

Editor: What is your vision for the firm?

We want to continue to be the best tax firm in the country. With the hard work of all of our attorneys, I am confident we will continue to meet our high standards for service and excellence, and continue to exceed the expectations of our clients.