



US State and Local Taxes

Our tax lawyers have extensive experience advising clients in state and local tax matters, including income tax, sales and use tax and property tax.

Our diligence with respect to new developments in the law enables our tax lawyers to provide sophisticated analysis on questions of nexus, sales tax collection obligations, multi-state apportionment, property valuation and transfer taxes. We assist and counsel businesses throughout the planning and controversy stage, including tax audits, negotiations with state and local revenue authorities, administrative proceedings and litigation. Our knowledge and experience has benefited clients across a broad spectrum of industries and business operations, including e-commerce, telecommunications, franchising, retail and manufacturing.

KEY CONTACTS

Hugh Wesley Goodwin
Partner
Silicon Valley
T: +1 650 833 2262
hugh.goodwin@dlapiper.com

CAPABILITIES

Sales and Use Tax

The expansion of the digital economy and the increasing focus of states on taxing software and services, creates unique sales tax issues regarding the proper characterization of products and the appropriate sourcing of sales to user jurisdictions. Our tax attorneys are experienced in undertaking detailed analyses of the facts and law to assist clients with navigating the significant challenges posed by state sales and use tax laws.

Income Tax

The portion of global and national income generated through the performance of services is increasing. Services may be performed anywhere and the benefit of the services received by customers can occur in multiple locations. States have reacted to the expanding service economy by altering the ways that income is apportioned. The inconsistency among state apportionment formulas and allocation rules increases the chance that the same income will be taxed in multiple jurisdictions. Our attorneys are skilled in identifying the situations where tax duplication may occur and in employing the techniques that minimize the possibility of excess taxation. Our tax lawyers are also adept at addressing the challenging problems created by states that impose gross receipts taxes in lieu of income taxes.

Nexus

Determining the circumstances that create tax nexus is a crucial step for business organizations to ensure compliance with state tax filing and tax collection obligations. Our tax lawyers are experienced in advising clients regarding the nuances of income tax and sales and use tax nexus, including the identification of those situations where states adopt expansive nexus positions arising from incomplete federal nexus guidelines.

Cloud Computing

The taxation of e-commerce transactions varies from state to state and state tax laws are frequently inadequate to address modern day technologies and business transactions. As a result, commerce conducted “in the cloud” is susceptible to inconsistent tax treatment among the states. Our attorneys are dedicated to pursuing optimum state tax solutions for e-commerce service providers and consumers.

Apportionment and Allocation (Sourcing)

Inconsistencies or ambiguities in state tax laws may cause certain transactions to be sourced to multiple jurisdictions. Our knowledge of federal and state taxing principles and our analytical attention to factual details enables our clients to benefit from legal positions designed to minimize adverse sourcing outcomes.

Unclaimed Property

Each year, thousands of companies across the U.S. experience audits to determine whether they are in compliance with state laws regarding unclaimed property – defined as property (gift cards, uncashed payroll checks, customer credits, bank accounts, life insurance proceeds, shares and others) that has not been claimed by its owner for a specific period of time. Failure to comply with these laws can have a direct effect on financial performance because of the substantial penalties and interest charges that may be assessed following an audit. Our tax lawyers and lawyers that specialize in consumer affairs are experienced in advising clients regarding state unclaimed property laws and how these laws apply to modern day commerce and business relationships.

EXPERIENCE

- Representing 29, including all major brands and many independents, in lawsuits related to the taxability of their 'merchant model' transactions with online travel companies and the extent to which occupancy tax applies to those transactions
- Representing major airlines and hotels regarding exemptions from occupancy tax under permanent residency rules and the applicability of California's Proposition 218
- Developed strategies for a seller of merchant coupons offered through on-line affiliate network marketplaces, to address the impact of state 'click-through' nexus provisions on the seller's business.
- Assisted provider of network infrastructure management services with a multi-state sourcing analysis for services provided electronically from remote locations.
- Drafted successful response letters to several California municipalities attempting to impose utility users tax on telecommunications service provider offering service plans for a fixed monthly rate.
- Obtained a ruling from the legal staff of the California State Board of Equalization negating a county assessor's attempts to reassess dozens of real property parcels acquired through a complex reverse exchange structure.
- Negotiated the multi-state apportionment of capital gains arising from a partnership's sale of an interest in communications spectrum originally sought to be taxed in full by multiple jurisdictions.
- Assisted a computer equipment seller holding unused outstanding credit memorandums issued to customers, with analyzing and applying the unclaimed property business-to-business reporting exclusion in various states.

INSIGHTS

Publications

Washington state undertakes study of captives to capture premium taxes amid COVID-19

10 September 2020

It is anticipated that the Washington state legislature will be interested in authorizing greater tax enforcement in this area.

Coronavirus: federal and state tax relief (United States)

16 March 2020

Congress and state legislatures and administrative agencies are working hard to provide necessary tax relief for those affected by the coronavirus disease (COVID-19) pandemic.

DC becomes latest US jurisdiction proposing to increase its costly transfer taxes

20 MAY 2019

The transfer tax rate in DC would exceed Virginia's by almost a factor of 10.

Watch out for California transfer taxes in transactions involving real estate holdings

24 MAY 2011

This article provides an overview of the California real estate transfer tax system and then identifies some of the jurisdictions that have expanded the scope of the tax.

NEWS

Masatake Kuramoto joins DLA Piper as principal economist in New York

9 April 2021

DLA Piper announced today that Masa Kuramoto has joined the firm as a principal economist based in New York.

DLA Piper advises Manulife on its acquisition of 39 Martin Place

29 January 2021

DLA Piper has advised international financial services group Manulife Financial Corporation on its 50/50 joint venture with Investa Commercial Property Fund ("ICPF") to acquire the right to a 100% interest in 39 Martin Place, Sydney from Macquarie Group Limited (ASX: MQG).

DLA Piper boosts Tax practice in Luxembourg with new partner hire

4 January 2021

DLA Piper is pleased to announce that Luis Muñoz is joining as partner in its Tax practice, based in Luxembourg.

International tax lawyer Peng Tao moves to DLA Piper in Northern California

2 November 2020

DLA Piper announced today that Peng Tao has joined the firm's Tax practice as a partner in Northern California.

Eileen O'Pray joins DLA Piper's Tax practice in Northern California

28 September 2020

DLA Piper announced today that Eileen O'Pray has joined the firm's Tax practice as a partner in Northern California.

DLA Piper advises P3 Logistic Parks on the rental of commercial space to Makita Werkzeug GmbH

27 August 2020

DLA Piper has advised P3 Logistic Parks GmbH on the rental of commercial space to Makita Werkzeug GmbH.

DLA Piper advises Syngenta on the acquisition of South African Sensako Group

17 August 2020

DLA Piper has advised Swiss-based Syngenta Group on its acquisition of Sensako Group, a South African seeds company engaged in the breeding and the commercialization of agronomic crops.

DLA Piper lawyers and practices ranked in latest Chambers edition

8 May 2020

DLA Piper today announced that the firm received 172 lawyer rankings and 71 practice rankings in *Chambers USA's* 2020 guide.

DLA Piper announces partnership promotions for 2020

30 April 2020

DLA Piper is proud to announce that 67 lawyers have been promoted to its partnership. The promotions are effective as of April 1, 2020 in the United States and May 1, 2020 for EMEA and Asia Pacific. The promotions have been made across many of the firm's practice areas in 35 different offices throughout 13 countries.

Across the firm's practices globally, Corporate saw the largest intake of new partners with 19 promotions, followed by Litigation and Regulatory with 15. Intellectual Property and Technology and Finance and Projects had ten and eight promotions respectively, while there were six in Real Estate. Tax and Employment both had four, and there was one in Restructuring.

DLA Piper lawyers named Acritas Stars

10 March 2020

Acritas has named over 200 DLA Piper lawyers as 2020 Acritas Stars. Now in its fourth year, Acritas Stars highlights the stand-out lawyers in private practice as nominated by clients around the world. More than 3,000 senior in-house counsel feed into the nomination process to give a comprehensive view of highly recommended lawyers across the globe.

DLA Piper advises Hahn Group on sale of Campus Center Lübeck

18 December 2019

DLA Piper has advised Hahn Group on the sale of Campus Center Lübeck to real estate investment manager Nuveen Real Estate, which acquired the property for its German core retail platform.

Afshin Beyzaee named to *Variety's* Dealmakers Impact Report

4 December 2019

DLA Piper is pleased to announce Los Angeles-based partner Afshin Beyzaee has been selected for the 12th annual *Variety* Dealmaker Impact Report.

DLA Piper partner Diana Erbsen named chair of IRS Advisory Council

2 December 2019

DLA Piper is pleased to announce that the Internal Revenue Service has appointed Diana Erbsen chair of the Internal Revenue Service Advisory Council (IRSAC).

DLA Piper launches Global Digital Services VAT Guide

29 November 2019

DLA Piper has launched the fourth edition of its Global VAT Guide on Digital Services, covering cross-border supplies of digital content, intangible services and, more generally, the various forms of e-commerce.

DLA Piper advises on the USD225 million investment in Russia's retailer Familia by TJ Maxx owner

25 November 2019

DLA Piper has acted as lead tax advisor to several shareholders of Familia, Russia's leading off-price apparel and home fashions retailer, on the USD225 million sale of a 25% minority ownership stake to The TJX Companies, Inc.

DLA Piper announces launch of LIBOR Transition practice

23 September 2019

DLA Piper announced today the launch of its LIBOR Transition practice, which will focus on assisting companies with impact assessment and advising on benchmark reform implementation across multiple jurisdictions and products.

DLA Piper adviseert The Carlyle Group bij investering in HSO Group

6 September 2019

DLA Piper heeft The Carlyle Group geadviseerd bij de investering in HSO Group. Het eigen vermogen voor de investering kwam van Carlyle European Technology Partners III Fund (CETP), een fonds van EUR635 miljoen dat investeert in technologiegerichte bedrijven in Europa en de VS.

DLA Piper advises The Carlyle Group on its investment in HSO Group

6 September 2019

DLA Piper has advised The Carlyle Group on its investment in HSO Group. Equity for the investment is provided by Carlyle European Technology Partners III Fund (CETP), a EUR635 million fund that invests in technology-focused companies in Europe and the US.

DLA Piper announces launch of Artificial Intelligence practice

14 MAY 2019

DLA Piper announced today the launch of its Artificial Intelligence practice, which will focus on assisting companies as they navigate the legal landscape of emerging and disruptive technologies, while helping them understand the legal and compliance risks arising from the creation and deployment of AI systems.

DLA Piper advises BrewDog on acquisition of iconic Berlin brewery

6 MAY 2019

DLA Piper has advised BrewDog, a multinational craft brewery and pub chain based in Scotland, on the acquisition of World Bistro & Gardens in Berlin from Stone Brewing, one of the largest craft breweries in the US.

DLA Piper lawyers and practices ranked in latest Chambers edition

30 APR 2019

DLA Piper today announced that 158 of the firm's lawyers and 64 of its practices were ranked in *Chambers USA's* 2019 guide.

DLA Piper lawyers and practices ranked in latest Chambers edition

30 APR 2019

DLA Piper today announced that 158 of the firm's lawyers and 64 of its practices were ranked in *Chambers USA's* 2019 guide.
