

Tax Group Of The Year: Mayer Brown

By Anna Scott Farrell

Law360 (January 26, 2024, 2:02 PM EST) -- Mayer Brown LLP secured local and global victories in 2023, from a Washington state appellate court's decision in a novel sales tax case to an energy company's \$307 million merger resulting in a business with an Africa exploration and production focus, earning the firm a spot among Law360's Tax Groups of the Year.

In late 2022, the firm advised Vaalco Energy on a cross-border merger with the Canadian oil and gas company TransGlobe Energy Corp., helping it issue 49.3 million shares of stock. The combination of companies created an Africa-focused business listed on exchanges in New York and London with assets in Egypt, Gabon, Equatorial Guinea and Canada, according to the firm.

Partner Jason Bazar, co-head of the tax practice, told Law360 the deal was full of complexities, involving as many as five different stock exchanges and requiring the firm to navigate a number of compliance and regulatory issues. And it unfolded in an international space less known for deal volume.

"We were dealing with interesting jurisdictions, relying on a lot of local counsel and understanding a lot of new issues that don't come up," Bazar said.

In March, the firm netted a win closer to home, helping Landis+GYR Midwest Inc. overturn a lower court's ruling and securing a retail sales tax exemption and refund of more than \$20 million. A Washington appellate court found the company's meter-reading technology service qualified as an exempt data-processing service, the first decision of its kind under the state's 2009 overhaul of its sales tax provisions, Mayer Brown said.

Partner Leah Robinson, who leads the firm's state and local tax practice, said the appellate court accepted multiple arguments made by the firm and issued a precedential decision that was the first to interpret the portion of the overhaul dealing with the exemption. The state didn't appeal.

"It was a full and complete victory for the company," Robinson said.

Later in the year, the firm represented Assured Guaranty Ltd. in the \$429 million sale of its equity interest in Assured Investment Management LLC to Sound Point Capital Management LP. The deal was complex, involving the integration of two asset management companies with their own fund structures and investor bases, Mayer Brown said.



In September, the firm won a victory at the Federal Circuit with a decision overturning a lower court's ruling that client GSS Holdings Inc. was not allowed a loss deduction. The appellate court found the lower court applied an erroneous legal standard conflating the step doctrine with the economic substance doctrine — an increasingly relevant issue in tax cases, partner Brian Kittle, co-head of the firm's tax practice, told Law360.

"The courts have confused these two doctrines over the years," Kittle said. "The tests are asking two entirely different questions."

The following month, the firm secured a win for its client Hyatt Hotels Corp. in the U.S. Tax Court following a three-week trial on the tax treatment of its customer loyalty program. The court sided with Hyatt on a key issue that represented about 95% of the total \$240 million taxable income asserted as an adjustment by the Internal Revenue Service, according to the firm.

Kittle said the case highlighted the firm's strength in having a team "who can walk into a courtroom and present a very coherent story." The case involved several partners, associates and retained experts, and also involved interrelated tax issues that focused on different methods of accounting, he said.

In 2023, the firm also represented R.O.P. Aviation Inc. in the first transfer-pricing case to be tried in New Jersey, guiding the company from audit through litigation and allowing it to walk away with a \$15 million net operating loss benefit, Mayer Brown said. The New Jersey Legislature tweaked the law in response to the win, calling the change "the R.O.P. fix."

"Personally, I don't think anything was broken that needed to be fixed," Robinson said. "But you know, they changed a component of the law because we won the case."

Mayer Brown's tax team comprises 120 of the more than 1,900 attorneys at the firm, Bazar said. The team is spread across the U.S., Europe, Asia and Brazil.

--Additional reporting by Dawood Fakhir and Maria Koklanatis. Editing by Linda Voorhis.