What It Is Like to Be a Tax Law Attorney – Tax Attorney Careers

Summary: It’s often said that only two things in life are certain: death and taxes. Tax attorneys spend their time trying to ease the financial burdens associated with both.

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What Does a Tax Lawyer Do?

It’s often said that only two things in life are certain: death and taxes. Tax attorneys spend their time trying to ease the financial burdens associated with both. For individuals, tax attorneys use trusts, gifts, and various tax planning structures to reduce the burdens of income taxes and estate taxes, and they assist in devising investment strategies. For small businesses and corporations, tax attorneys also use various structures to ease the burdens of taxes, typically in the context of planning organization structure (e.g., partnership or corporation) and determining the tax consequences of financial decisions and transactions. Each financial decision made by a corporation, from financing of debt to depreciation of assets, must involve a consideration of the impacts of the tax code.

The basic idea of taxation is simple: imposing a financial obligation upon individuals and companies to finance the many services provided by government, including building schools and roads, securing national defense, and providing social services. But the variety of taxes we have—at the federal, state, and municipal levels—and the wide range of activities that are taxed (as well as the wide range of activities that are exempt from taxation) make for a remarkably complex area of law. Tax lawyers help their clients navigate the highly technical statutes which make up our tax laws. Tax lawyers work in a wide variety of fields, several of which are described below.
Tax Planning for Businesses and Tax-Exempt Organizations

Business entities, such as corporations and partnerships, are subject to specific treatment under the tax code based on their structures and their actions. When such organizations are formed, tax planners work to analyze the implications of incorporating or forming a partnership. Tax attorneys also work to structure business transactions to meet the client’s financial objectives while minimizing the tax consequences.

Tax attorneys interact with securities and banking attorneys in devising the appropriate structure for a securities offering, bond offering, or other form of capitalization. The tax lawyers help choose the type of financing to be used and the structure of the specific financial transaction. Issuance and sale of securities (see the Securities Law chapter) have different tax implications than debt offerings such as bonds or commercial loans. Repayment of loan obligations and sales of assets to finance acquisitions all may implicate complex rules of the tax code.

Tax attorneys will also be intimately involved in an acquisition or divestiture in order to devise the most advantageous structure of the transaction and the resulting structure of the corporate entity. In addition, tax attorneys assist businesses with issues involving the distribution of profits, treatment of capital gains and losses, write-offs of non-performing assets, and establishment of retirement and other benefit plans. If the organization contemplates a merger or reorganization, tax attorneys advise on the consequences of each alternative.

Non-profit organizations, such as charities and private foundations, also have special tax planning concerns. The Internal Revenue Service (IRS) and state tax authorities have complex requirements for establishing and maintaining tax-exempt status. Tax attorneys guide these organizations through the procedures necessary to gain and preserve tax-exempt status.
Tax Litigation: What Does a Tax Litigation Attorney Do?

Some attorneys specialize in tax-related controversies. Individuals or businesses may be subject to investigation or an audit by the IRS or by state or municipal tax authorities, or they may have an attempt to shelter or exempt money from tax collection disallowed. Attorneys may represent their clients at audits or litigate issues in the U.S. Tax Court and the U.S. District Court. Tax controversies may involve negotiations with the IRS, and tax treatment issues may be heard in the U.S. District Court.

Employee Benefits: Tax Lawyers Administer Employee Benefit Plans

Tax attorneys play an important role in designing and administering employee benefit plans. This includes pension, profit-sharing, employee stock ownership, and 401(k) plans. Attorneys counsel organizations concerning the selection and design of such plans as well as the long range financial implications represented by such plans. Attorneys also provide advice concerning the reporting and disclosure requirements of the Employment Retirement Income Security Act (ERISA), a federal act that governs the funding and administration of pension plans.

Personal Estate Planning and Tax Planning: Tax Lawyers Work on Estate Planning Issues

Tax attorneys also work in the field of estate planning, which involves helping individuals plan the distribution of their estate either prior to or upon their death. There are numerous tax consequences that stem from the use of gifts and trusts to ease the burden of taxes upon the transfer of the estate. Attorneys working in this area help individuals plan for the distribution of their assets to beneficiaries and to charitable organizations. They may also advise clients concerning trusts, in cases such as providing for minor children or grown children with disabilities. (See the Trusts and Estates Law chapter for more information on these activities.)

Individuals also call upon tax attorneys to help them manage their income and investments in ways that minimize their tax liabilities. Regardless of income level, the use of a will to avoid probate or the use of life insurance, with its tax free cash value accumulation and tax free distribution status, constitute tax planning at its most fundamental level.

What is Life as a Practicing Tax Lawyer Like?

Where do tax lawyers work?
Attorneys specializing in tax law may work in law firms, corporations, and government agencies. Large law firms may have departments that specialize in tax issues, estate planning, and employee benefits. Small and mid-size firms may have several attorneys that specialize in tax practice. Some tax attorneys specializing in estate planning may be engaged in solo practice.

Other tax practitioners work for corporations; a large number of tax attorneys are employed by large accounting firms. Still other tax attorneys work for the Internal Revenue Service and for state and local tax authorities.

Who are their clients and what types of cases do they work on?

Many tax attorneys work with corporate clients. Patricia is a tax controversy specialist at the law firm in Washington, D.C. Her clients are primarily large multinational corporations. “They have very sophisticated in-house tax staffs who come to us for assistance with their most complicated matters,” she explains. “We work together as a team to efficiently staff and solve the problem at hand.” Patricia says that a typical case arises from an adjustment (a determination that an additional tax payment is required) proposed by an IRS agent. “These adjustments usually involve at least $10 million and frequently in excess of $100 million. We strive to resolve the issue to the client’s satisfaction at the earliest point in the process. If the issues cannot be resolved administratively within the IRS, we will litigate the issues either in the Tax Court or the Court of Federal Claims.”

Joe is a tax attorney at the Washington, D.C. office of a very large law firm with over 20 offices in the United States and abroad. “I practice in the area of general corporate tax planning,” Joe explains. “Over the last few years, much of my work has been for large multinational companies and for banks. Companies often seek our advice as to how to structure a merger, acquisition, divestiture, or restructuring in the most tax-efficient manner while achieving stated business goals. And banks ask us to examine and help develop cross-border tax-advantaged financial products and financing techniques, something which is commonly referred to as structured finance.”

Though Joe’s work is primarily transactional, he has also represented clients in IRS tax audits and appeals matters (so-called tax controversy work). “The hearings are administrative proceedings in a relatively informal setting at which compromise plays a large role and final settlement is often reached. If we can’t agree, we get our litigators involved.”

“I work with a tremendously diverse range of clients,” says Jeff, a tax attorney at the Minneapolis office of an international accounting firm. “Here in Minnesota you can work with companies as large as Honeywell or General Mills, and yet you still have the opportunity to work with small start-up companies. One of the things I really like about working at an accounting firm is getting the chance to work with clients that range from the largest Fortune 500 companies to start-up ventures to everything in between.” Jeff especially enjoys his work with small businesses. “The start-up companies rely on us for tax advice and business advice. They may have a CFO, but he or she may not have tax experience. I have the chance to provide them with a broad range of business advice on tax issues as well as human resources, compensation, and general business issues.” In addition to his work in corporate tax consulting, Jeff does individual tax consulting, including year-end tax planning.

What daily activities are involved in tax law? What is the general job description of a tax lawyer?

Tax attorneys spend time evaluating how changes in tax laws affect existing organizational structures and advising their clients about the effects of those changes on their business plans. “Know your client and know the law,” emphasizes Joe. “Every morning over breakfast (after reading the sports section), I check the Washington Post and New York Times for general business developments and for any news reported on the matters on which I’m involved. Clients expect me to know what’s going on, and I have to be prepared to field their calls. When I get into work, after putting out any fires, I do a quick search on the Internet to pick up any client news I might have missed. I
also have to keep up with the tax law, which changes every day. So I browse the Daily Tax Reporters for major developments in federal and international tax law and flag articles to review when there’s a spare moment. Although it might take less than an hour a day, I regard these as essential capital building activities."

Joe says the heart of a day’s activities varies with the matters on which he is working. "Structured finance, for example, requires heavy duty research and analysis, as well as a good deal of creativity and a lot of writing, including memos to fellow Jones Day attorneys, to clients, and for the file. But I’m not sitting in a back office doing this with my door closed. The entire process is interactive and collaborative-with the client, with other tax lawyers at Jones Day, with our corporate lawyers, and with tax lawyers on the other side of the transaction. This translates into lots of time on the phone and in meetings."

Tax controversy specialist Patricia reports that in her practice, there’s really no typical day. "It very much depends on the stage of the case I am working on and how many matters are on the front burner," she says.

"A day can be spent on the phone with several clients regarding factual development or strategy. A day can be spent interviewing witnesses. A day can be spent in meetings with the client or colleagues developing strategy. A day can be spent in court or in negotiations with an IRS agent or an IRS appeals officer. A day can be spent researching and writing a brief. Or a day can be spent doing a combination of all these things."

She adds that her days often include intriguing activities that you don’t necessarily think of when you think of the activities of a tax attorney.

"A case that we litigated in the Court of Federal Claims involved a casualty loss to timber resulting from a volcanic eruption. Courtroom testimony and photographs would not have given the judge a full appreciation of the magnitude of the destruction or an understanding of the taxpayer’s timber management practices. We took the witness, the judge, his clerk, opposing counsel, and the court reporter up in a helicopter to view the volcanic destruction. The witness testified on the record in the air and at selected ground sites."

Patricia adds, "It certainly wasn’t your typical day in court!"

Jeff is a senior manager at a large accounting firm. "At my level, I’m on the phone a lot, talking with clients. I also spend time meeting with clients. We’re assigned to the clients in teams. A team consists of at least three or four attorneys at different levels of seniority. Our teams have internal meetings in which we develop the ideas and strategies we want to bring out to our clients. We then go out to meet with owners and/or chief financial officers and directors. The meetings are often informal but, if the team is meeting with a large organization such as Honeywell, we may put together a more formal PowerPoint presentation," says Jeff.

"The consulting side of tax has expanded exponentially in the last five years," Jeff adds. "Our firm is putting a much greater emphasis on people skills. You’re constantly advising and working with clients." He explains that the attorneys in his accounting firm begin as staff associates, then work through progressive levels of responsibility to become managers, senior managers, and finally directors or partners. "There are more opportunities than ever for staff-level attorneys to get out in front with clients," he says. "Every team assigned to a client has at least one associate or senior associate. When I go out to talk with clients, I always bring one or two people with me. This is a great opportunity for less senior attorneys."

What do tax lawyers find rewarding about their practice?

The tax attorneys we talked to enjoyed the intellectual challenge of their work. "I am never bored," Patricia comments. "There is a continuous intellectual challenge inherent in tax work. Not only is the field complex, it is constantly changing." Joe agrees. "You have to be comfortable working with a complex system of constantly changing rules. I like knowing that each day I am expanding my expertise. There’s rarely a day that I look back on that I didn’t learn something new," he says.
Tax attorneys have the opportunity to help their clients solve complex legal and financial problems. "It's rewarding to provide value for your clients," says Jeff. "You're helping your client save tax dollars. In tax consulting you're welcomed with open arms. Clients realize that you can save them money and offer them value for the time you spend advising them." Joe finds it gratifying to work with clients who sincerely value his efforts. "We add a great deal of value to our clients and I find that they appreciate our efforts."

Tax attorneys use the word "teamwork" with pride. They enjoy working with other professionals to solve problems. "I am working with sophisticated clients who appreciate working as a team," says Patricia. "It's tremendously satisfying when we resolve an issue." Jeff values his coworkers, the very people who are invaluable to his teams. "The relationships I have with the people I work with are very rewarding. I work with simply outstanding people. These people have lots of integrity. They're incredibly talented. And they're fun to work with." Joe has the highest regard for his colleagues. "Finding job satisfaction depends not just on where you work but with whom you work. I work side by side with really smart people whom I respect. They are people who are sincerely interested in my personal life as well as my professional development. I’m lucky to work with people I like and admire," Joe adds with a sense of gratitude.

Jeff also enjoys the close relationships he develops with his clients. "I enjoy developing strong relationships with my clients. A number of my clients consider me not just their ‘tax person’ but their friend. A lot of the small businesses I work with are family owned. It’s rewarding to get to know the first and second generations of the family and to help the family develop a business succession plan."

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Becoming a Tax Lawyer: The Training and Skills Important to Tax Law

How do people enter the field of tax law?

Many lawyers who enter the field of tax law have a background in accounting or business. Jeff of the large accounting firm earned an accounting degree before entering law school and was hired by the firm through an on-campus interview as a third year student. Large accounting firms such as Deloitte & Touche often interview at law schools through on-campus interview programs. They generally interview third year students, but occasionally hire interns to work during the summer between the second and third year of law school.

Jeff explains that it’s not necessary to have an accounting degree to be hired as a tax attorney at an accounting firm. "An accounting degree or some accounting classes are preferred but not required," he says. "We’ve hired some attorneys without accounting degrees or accounting experience. In this case, the firm generally pays for the new hire to take three or four university-level accounting courses."

Though Joe majored in accounting as an undergraduate, he didn’t think about law school until a business professor with a legal background suggested it. While in law school, Joe first considered a career in litigation. After his first year, he spent a summer at a law firm where he worked on a number of litigation projects. "That’s when I decided I didn’t want to be a litigator. Litigation is concentrated in fact—and I wanted to spend more time learning and creatively interpreting the law than arguing specific facts. That summer, I worked on one tax project, and I decided to take some tax law classes my second year of law school."

After his second year of law school, Joe worked as a summer associate at a large Chicago law firm. "I spent half of the summer working in tax law and half of the summer working in corporate law. Although the tax work was interesting, I was attracted to the pace of the corporate practice and decided to join the corporate group." Joe worked for three years as a corporate law associate at the New York City office of the same firm. "But I found that I was consistently most interested in, and drawn to, the tax issues," he comments. "So I switched to the tax department and pursued an LL.M. in tax while working full-time. This was an excellent opportunity—during my night classes, I was ‘spoon-fed’ complicated legal concepts, and during the daytime I was applying those legal concepts on the job."

When he moved to Washington, D.C., Joe took his current position as a tax associate at an international law firm. He couldn’t be happier with his decision to pursue tax practice or his career path. "It has proven to be a great career move. My corporate background gives me a ‘bigger picture’ perspective, which the corporate lawyers appreciate, and I am now bilingual, speaking both corporate-speak and tax-speak."

Law firms hiring tax attorneys generally agree that an accounting degree is helpful but not necessary. "Many people
are afraid to go into tax if they don’t have an accounting background,” notes Patricia. “I am proof that this is not a prerequisite. I came into the field with a background in political science and had never taken an accounting class.” Patricia discovered her penchant for tax law while a law student. “In law school I focused on tax because I had a professor who made the field sound fascinating. After law school I began working on projects involving tax controversy work. I enjoyed the people I worked with and found the work even more interesting than I expected.”

“In hindsight, some business courses would have been helpful,” says Patricia. “But you can pick up what you need as you go along.” Patricia explains that the most important qualification for the field is “a serious commitment to learn the tax law and the clients’ businesses. There are various ways to tackle this. I chose to take a year off after I had practiced for a short time to pursue my LL.M. in taxation.”

What does it take to be a tax attorney? What skills are most important to tax lawyers?

- Tax attorneys need creative problem-solving skills. Clients come to you because they expect you to have creative but practical solutions. As Joe mentioned earlier, clients seek creative solutions to complex problems.
- Strong analytical skills are important to the tax attorney, as he or she must be able to spot the issues, analyze the tax code, and formulate strategies. "You have to have strong analytical skills in order to provide value for your client," says Jeff. "It also helps to be able to explain complicated concepts in simple terms. You have to speak to your clients and other lawyers in words they understand."
- Good tax attorneys need excellent writing skills. "This field requires a great deal of writing," says Patricia. "If you don’t like to write and rewrite, you need to choose another field," she advises. "You need to be able to ‘tell the story’ as to why your position is right."
- Because tax lawyers focus on developing innovative solutions to complex problems, both legal and factual research skills are critically important. "You need to be a good legal researcher," advises Patricia, "and you should enjoy learning and relearning the tax law, as it constantly changes. In addition, you need to be good at factual development. You have to learn how to ask the right questions and to assess what you are being told. To be good in this area, you have to keep digging both factually and legally until you are comfortable that you are putting together the best argument that can be crafted."
- Tax lawyers work closely with their clients on a daily basis. This means that they must have excellent interpersonal skills. "When we hire, we’re putting more and more emphasis on communication skills," says Jeff. "We look for ‘executive presence’ — your ability to form relationships, inspire a client’s confidence in you, and work in a team with other professionals." Adds Joe, "Tax law isn’t done in the back room. It’s interactive and team oriented. Personality is important. In other words, you must ‘play well with others.’"
- To work effectively with clients, tax attorneys must have a sincere interest in business and in their clients’ businesses. "With each client, I try to learn as much about their business as I can, both from the client and from business publications," says Patricia.
- Tax lawyers must earn the confidence of fellow attorneys and clients. "I participate in interviewing attorney candidates at my firm," says Joe. "Really well prepared candidates ask intelligent questions during the interview and interesting follow-up questions. We look for candidates who are not just engaging, but who inspire confidence." Joe adds that confidence and pride are an important part of making the grade as an associate. "Have pride in your work product and try to really ‘own’ your assignments and take charge of your work," he advises. "Your dedication will become apparent to those you work with.”

Tax Lawyer: Educational Requirements and Career Summary: What classes and law school experiences do tax lawyers recommend?

Jeff recommends taking two to four basic tax classes in law school.
"This will help you determine whether you really want to work as a tax attorney," he says. "Take as many tax classes as you can," says Joe, adding, "Once you start practicing, consider pursuing an LL.M. in taxation. It will help expand your breadth."

**Take an accounting class while in undergraduate school or an accounting for lawyers class while in law school, advises Joe.**

**Meet tax practitioners.**

While I was in college, I worked in a law firm. The experience gave me the chance to talk to lawyers who practiced in different areas. I picked their brains, asking them what they liked about their work," says Joe. "Talking informally with lawyers allows you to assess if you'll be happy as a lawyer and whether you'll enjoy practicing in a particular field," Joe adds. "If you're interested in tax controversy work, talk to someone who is practicing in the field," recommends Patricia. "The best place to start is by meeting the tax professors at your law school. Also visit the alumni office of your law school. The alumni office can put you in touch with alumni who are doing what you want to do."

**Gain practical experience by participating in your school's clinical program.**

Law school clinical programs offer the opportunity to work with real clients on real issues-excellent training for the client-intensive field of tax law. Some schools offer tax clinics, which provide exceptional training. If your school doesn’t have a tax clinic, consider volunteering your services to a community based income tax assistance program. "Such programs aren’t difficult to find," says Jeff, "and they provide excellent experience."

**Another way to gain practical experience is by working as a law clerk or as a summer associate in a law firm with a tax practice.**

Large firms generally hire summer associates to work during the summer between the second and third year of law school, and small firms often hire students to work during the summer or throughout the school year. "The advantage of being a summer associate is that you actually do the type of work you'll be doing as a lawyer," says Joe. "You do the research, attend the meetings, talk to the clients. Summer associate ships actually give you the experience of 'being' a junior associate."

**Participate in bar association activities.**

Bar association activities provide an excellent forum for meeting people who do the type of tax work you want to do. The American Bar Association and state and local bar associations have sections or committees related to tax law. Students can generally join bar associations for very low fees.

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**Additional Resources about Tax Law**

- BCG Attorney Search Practice Area Guide
- Third Year Associate Wants to Switch Practice Areas
- Are there lateral opportunities for a Non-equity Tax Partner without portable business?
- Tax Practice Area Guide
- How to Start a Career as a Tax Attorney
● The Benefits of Choosing a Career as a Tax Attorney
● Tax Attorney Jobs In the US - Helping Taxpayers Navigate the Tax Maze
● Tax Attorney Career
● Need for Reform in Tax Code: G.E. and Other Large Corporations are Gaming the System
● How to Become a Tax Attorney
● Taxes: No Longer Just for Accountants
● How Much Money Does a Tax Lawyer Make
● Tax Attorneys - When are They Necessary
● Well-Known Tax, Music and Entertainment Attorney Michael R. Morris Reflects on Long and Rewarding Career