

Skadden's Hire Signals Growing Focus on Tax Area Important to Multinational Companies

With the potential of a new federal tax regime on the way from the Biden administration, several big firms are bulking up their tax practices related to multiple tax services.

BY BRUCE LOVE

Skadden, Arps, Slate, Meagher & Flom is the latest big firm this month to bulk up its tax practice, adding partner David Farhat in Washington, D.C., from global accounting firm EY.

The move, Skadden said, signals a strengthening of the group's services in an area of tax law—transfer pricing and tax controversy—increasingly important to multinational corporations.

The Skadden hire comes as the Biden administration's tax overhaul raises the need for firms across D.C. to generally beef up their roster of tax talent, often seeking attorneys with government experience. Meanwhile, large corporate deals requiring tax expertise remains brisk. Just this month, firms such as Kirkland & Ellis, Mayer Brown and Gibson, Dunn & Crutcher have all **added tax partners**.

Farhat, who specializes in transfer pricing issues, helped corporate clients at EY through international tax planning and dispute resolution. Transfer pricing is a process for pricing transactions internally within a multinational company. The strategy helps cross-border businesses manage tax exposure across international borders, and companies use it to move tax liabilities to low-cost tax jurisdictions.

Farhat says with the potential of a new federal tax regime on the way from the Biden administration, transfer pricing will become an increasingly important service for companies operating in the United States.

"But this is not just because of what's coming from the Biden administration, but also from the OECD," he says, referring to the Organisation for Economic Co-operation and Development, which has its own global

transfer pricing guidelines. "Early government engagement will be important for clients in the tax controversy and controversy avoidance arena."

Farhat was at the IRS for nearly a decade, until 2015, serving in its large business and international division. His last post at the IRS was team leader of the Advance Pricing and Mutual Agreement (APMA) program, leading bilateral and multilateral advance pricing agreements and mutual agreement procedures with Canada, France, Japan, Switzerland and the UK. During that time he says he built "deep relationships with tax authorities in the U.S. and abroad."

Raj Madan, head of Skadden's Washington tax group, says while Skadden already has a well-established tax offering in D.C., Farhat's hire reinforces its continued commitment to stay on the "cutting edge" of client tax needs.

"Transfer pricing is a growing area where there's competition among the various countries in taxing the same dollar," says Madan, adding Farhat advances the firm's capabilities in dispute avoidance.

Bruce Love lives in Washington, DC, and writes about the Beltway legal community and the business of law. Email him news tips at blove@alm.com and follow him on twitter @loveonlaw.



David Farhat.

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