



State Income and Franchise Tax



Value-Added Tax Strategies and Services

"YEAR AFTER YEAR, RYAN CONTINUES TO ADD TREMENDOUS VALUE TO OUR BOTTOM LINE THROUGH A COMPREHENSIVE SUITE OF INCOME AND FRANCHISE TAX STRATEGIES AND SERVICES."

Jose M. Arreola, *President*
GMODELO USA, LLC

Ryan's State Income and Franchise Tax Practice Delivers Premium Client Service

The pressure on corporate tax departments is coming from every direction. State income and franchise tax authorities have become very aggressive and are increasing the frequency and depth of their audits. In addition, state legislators are implementing new statutes or promulgating new rules, most of which are targeted at the elimination of perceived tax "loopholes." The new reporting requirements of Financial Accounting Standards Board (FASB) 109 and FASB Interpretation No. (FIN) 48 have also taken a toll on corporate tax departments. These changes have resulted in the elimination of many benefits previously realized through traditional state income tax planning strategies, and have created increased compliance burdens and reporting responsibilities when many companies have fewer resources.

In spite of these changes in legislation and reporting responsibilities, tax executives face pressure to keep their company's state income and franchise taxes and effective tax rates as low as possible. That's where Ryan can provide tremendous value through technical expertise and best-in-class client service. Whether it is providing assistance with a state income/franchise tax audit, helping your company create and implement a tax-efficient corporate structure, or performing a due diligence review for your acquisition or merger, we focus on finding cost-effective ways to save tax dollars and improve the effectiveness and efficiency of your tax function.



State Income and Franchise Tax Services

Ryan's seasoned State Income and Franchise Tax professionals help our clients meet their state income and franchise tax needs with a variety of services that improve their bottom line by:

- Offering general tax consulting
- Minimizing future tax liabilities
- Directing or supervising state tax audits
- Identifying refund opportunities
- Performing due diligence reviews for acquisitions or mergers
- Providing tax controversy and audit defense services

General Tax Consulting

Ryan's State Income and Franchise Tax professionals are available to handle any issue that may arise, regardless of the size or complexity. Whether it is a quick research project, a nexus study, or assisting with understanding and implementing new state taxes, our industry expertise and competitive hourly rates allow us to provide unparalleled service at a reasonable cost. Furthermore, once you become a client of Ryan, you will receive unlimited access to our state and local tax experts in all practice areas for quick research and/or consultation on your issues. In fact, routine telephone consultations and quick research questions are included as part of our industry-recognized client service and support. With Ryan, you never have to worry about being billed for routine questions—so pick up the telephone and call us for assistance.



Ryan's State Income and Franchise Tax team is uniquely positioned to provide clients with unrestricted, strategic solutions for proactively addressing state income and franchise tax liabilities.

We scour our clients' records for tax reduction and savings opportunities, and the results speak for themselves:

- \$13 million in tax refunds for an oil and gas exploration and production company
- \$10 million in tax refunds for a gas transportation company
- \$7 million in tax refunds for a hotel and hospitality company
- \$7 million in tax refunds for a natural gas pipeline company
- \$6 million in tax refunds for an equipment testing company
- \$6 million in tax refunds for a pharmaceuticals manufacturer

Minimizing Future Tax Liabilities

Ryan provides innovative state income and franchise tax planning strategies that minimize tax burdens by offering custom solutions to our clients' unique business situations. We also assist during the return preparation process by providing cost-saving advice, identifying alternative filing positions, and implementing proven strategies to maximize tax savings.

As part of our comprehensive approach, we educate our clients on the benefits and risks associated with their options. Too often, tax advisors offer generic state tax strategies that are expensive, inconsistent with day-to-day business operations, difficult to implement, and hard to maintain. At Ryan, we tailor our advice and tax planning strategies to ensure that any opportunity we offer will benefit our clients in the near term and continue long after they have been implemented.

Directing or Supervising State Tax Audits

Ryan helps clients successfully manage their state income and franchise tax audit process. We provide answers to issues raised by the auditors and assist in responding to requests for information. We help gather the needed data, prepare documents to support our positions, and offer alternatives when an impasse occurs. Throughout the audit process, we keep our clients fully informed of their rights and options in resolving the audit.



Our State Income and Franchise Tax experts provide services from audit defense to complete business reorganizations.

“Ryan has provided NEC Corporation of America an outstanding return on investment through a wealth of tax services including income and franchise, sales and use, and controversies and appeals.”

Michael A. Arterberry,
Vice President and Controller

NEC

Identifying Refund Opportunities

Ryan’s approach to state income and franchise tax is designed to strategically target all possible refund and tax reduction opportunities. We focus on reducing our clients’ state tax liabilities without the burden of requiring significant assistance or effort from their personnel.

After opportunities are identified and approved by our client, we handle the complete refund process—from filing protective claims to interacting and negotiating with state taxing authorities. Our methodology ensures that we secure every refund dollar possible for our clients.

Performing Due Diligence Reviews for Acquisitions or Mergers

There are many tax implications and potential problems associated with a merger, acquisition, spin-off, or divestiture. Ryan has the depth of knowledge and experience to substantially mitigate our client’s potential risk with a comprehensive due diligence review for all types of transactions. Our due diligence reviews include an analysis of carryover tax attributes of the target, an assessment of tax exposure issues, a review of financial statement reporting of current and deferred tax accounting under FASB 109, a review of international tax implications, and an assessment of state and local tax positions for income tax matters, franchise taxes, payroll taxes, and real property transfer taxes. We also conduct a review of the status of all audits and major tax assessments—for all types of taxes—that might have an adverse effect on our client. Our due diligence reviews leave no stone unturned so that our clients are confident that their transactions will be completed with no “hidden costs” appearing after a transaction has closed.

Our comprehensive approach to identifying tax saving opportunities includes:

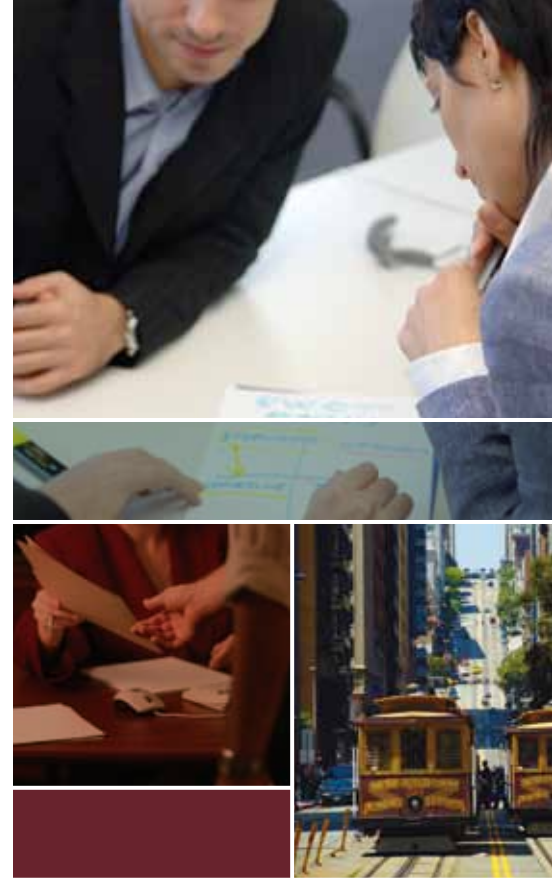
- Analyzing tax calculations, including applicable federal income tax implications
- Examining alternative or optimal filing methodologies
- Reviewing formulary apportionment calculations, including alternative apportionment factor methodologies and throwback or throwout calculations

Providing Tax Controversy and Audit Defense Services

We help our clients manage their state income and franchise tax audit process from beginning to end, including any litigation that results from the process. Ryan works as a diligent advocate to maximize reductions in assessments for our clients. We provide assistance in responding to requests for information and in gathering the required data. We rigorously defend our clients' rights under the various state tax laws. Finally, we defend audit issues on our clients' behalf at our own expense. Because our compensation is often based on a contingent fee, the cost of audit litigation is incurred by us until issues are resolved and the case has reached a favorable conclusion.

Why Ryan

We create opportunities by relentlessly examining the facts and applicable statutes and combining that information with unique and targeted strategies customized to your business. We are committed to putting our clients' interests first and always providing work that is thorough and carefully documented. We are our clients' top advocate, helping them deal with aggressive auditors and filing nuances to ensure that overpaid taxes in the past are recovered, and helping them keep more of what is rightfully theirs in the future.



About Ryan

Ryan is a leading global tax services firm, with the largest indirect tax practice in North America and the seventh largest corporate tax practice in the United States. Headquartered in Dallas, Texas, the Firm provides a comprehensive range of state, local, federal, and international tax advisory and consulting services on a multi-jurisdictional basis, including audit defense, tax recovery, credits and incentives, tax process improvement and automation, tax appeals, tax compliance, and strategic planning. In 2010, Ryan received the International Service Excellence Award from the Customer Service Institute of America (CSIA) for its commitment to world-class client service. Empowered by the award-winning *myRyan* work environment, which is widely recognized as the most innovative in the tax services industry, Ryan's multi-disciplinary team of more than 900 professionals and associates serves many of the world's most prominent Fortune 1000 companies. More information about Ryan can be found at www.ryan.com.



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