

Timothy G. Schally

Partner
Practice Group Chair, Tax

Overview

Tim provides strategic counsel on tax matters contested by the Internal Revenue Service, the Wisconsin Department of Revenue, and the taxing authorities of other state and local jurisdictions. Contested matters, for Fortune 1000 and other clients, include:

- Federal income taxation of banks, insurance companies, and manufacturers
- Multistate apportionment and allocation of income
- Transfer pricing among affiliated entities
- Sales and use tax for retailers, manufacturers, and construction contractors

Tim has long been considered a “go-to” attorney on Wisconsin tax matters, both for out-of-state and Wisconsin-based companies. He regularly represents taxpayers with complex tax matters in administrative appeals, and in litigation before the Tax Appeals Commission and the Wisconsin appellate courts. It can be said that Tim “wrote the book” on Wisconsin taxes, as he is a principal author of *The Complete Guide to Wisconsin Sales & Use Taxes*, a treatise covering all aspects of the Wisconsin sales and use tax system, and the author of *Wisconsin Business Taxes*, an extensive examination of all Wisconsin business taxes.

Tim is also a highly regarded adviser on tax planning, for both federal and state tax matters. His counsel enables maximum tax efficiency for client mergers, acquisitions, and joint ventures. Representative transactions include taxable and tax-free reorganizations, restructurings, recapitalizations, and spin-offs of both public and private companies. Tim’s representation also regularly includes tax planning and structuring with respect to sales involving S corporations, partnerships and LLCs, transactions on which Tim also has lectured and written extensively. In the mergers and acquisition area, Tim is a noted expert on transactions involving deferred and contingent consideration and liabilities, having published a leading treatise on the subject.



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Industries

Blockchain, Digital Currencies &
Smart Contracts

Practices

NonProfit Organizations
Property Tax
State and Local Tax (SALT)
Tax
Tax Controversy & Litigation
Tax Planning

Tim is a former Chair of the State Bar of Wisconsin's Taxation Section. A thought leader on tax issues, he is a frequent speaker to legal and accounting groups across the country and served as an adjunct professor in federal income taxation for many years at the University of Wisconsin Law School. Tim also regularly advises taxpayers and trade industry groups with respect to developing tax policy, including the drafting and development of Wisconsin tax statutes and regulations, and has testified before state legislative committees concerning tax matters.

Experience

In recent engagements, Tim has:

- Successfully represented an online travel company in sales and use tax litigation before the Wisconsin Tax Appeals Commission, the Dane County Circuit Court and the Wisconsin Court of Appeals
- Successfully represented a technology company in litigation before the Wisconsin Tax Appeals Commission with respect to the sales and use tax treatment of certain location and tracking services and related equipment
- Successfully represented a national financial institution with respect to a state's assertion that merchant processing and related fees were subject to sales and use tax
- Prevailed in full before a series of courts on behalf of an insurance company seeking substantial federal income tax refunds. The lawsuit was brought in the U.S. Court of Federal Claims, appealed to the Federal Circuit Court of Appeals, and resulted in the taxpayer prevailing at trial after remand. At issue was a settlement agreement relating to an insurance reserve relating to the company's transition from tax-exempt to taxable status.
- Mounted a successful challenge to a proposed federal income tax assessment of a farming business relating to the certain significant farm expenses. The Internal Revenue Service Appeals Office conceded the matter in full.
- Structured the \$500 million-plus sale of a subsidiary LLC for a medical and pharmaceutical services consulting firm
- Structured the \$100 million sale offer for a hospitality industry firm to a prospective buyer outside the U.S, so that the target U.S. shareholders would be afforded optimum tax deferrals
- Advised on multiple real estate joint ventures encompassing a diverse range of issues including tax basis issues involving recourse and nonrecourse debt and contingent partner guarantees; investments involving a mix of equity and debt; credits, grants and incentives; cancellation of debt; and deeds in lieu of foreclosure
- Advised taxpayers and trade groups with respect to the development and implementation of Wisconsin regulations concerning combined reporting and apportionment, including apportionment for specialized industries.

Honors & Recognitions

- *The Best Lawyers in America*®, Tax Law, 1992-present
- "Lawyer of the Year" *The Best Lawyers in America*, in the area of Litigation and Controversy, Milwaukee, Wisconsin, 2012

- "Lawyer of the Year" *The Best Lawyers in America*, in the area of Tax Law, Milwaukee, Wisconsin, 2011
- Leading Lawyers list, Milwaukee's *M Magazine*, 2012-present
- "Wisconsin Super Lawyers" list in Tax Law by *Super Lawyers Magazine*, 2005-present

Professional Activities

- Member, Wisconsin Manufacturers and Commerce Tax Policy Committee
- Wisconsin Bar Association, Former Chair, Taxation Section, Member, Taxation Section Board of Directors (1991-2001)
- Member, American Bar Association
- Member, Milwaukee Bar Association

Education

- University of Wisconsin Law School, Juris Doctor (J.D.), cum laude, 1985; Articles Editor, *Wisconsin Law Review*, 1984 - 1985
- Marquette University, Bachelor of Science (B.S.), cum laude, 1981

Admissions

- Wisconsin
- United States Tax Court
- United States Court of Appeals, Federal Circuit
- United States Court of Federal Claims
- United States District Court, Eastern District of Wisconsin
- United States District Court, Western District of Wisconsin

Related News

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