

OFF TO NEW SHORES – TAX EXTERN AT RUCHELMAN P.L.L.C.

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“We all live under the same sky, but we don’t all have the same horizon.”

– First Chancellor of the Federal Republic of Germany,
Konrad Adenauer

INTRODUCTION

In fact, not having the same horizon sometimes provides a special opportunity for learning and an enriching exchange for all involved. The curiosity of getting to know another “horizon” and approach to law induced me to travel 3,771 miles from Germany to New York City this past fall to participate in a Tax Externship at the New York law firm, Ruchelman P.L.L.C.

In this article, I share some of the thoughts, realizations, and learning opportunities that I was lucky enough to benefit from along the way.

WHO AM I?

My name is Lioba Mueller, and I come from Mönchengladbach, Germany. International law and global economic relations have fascinated me throughout my studies in Germany and the People’s Republic of China.

In 2014, I enrolled in the bachelor’s degree in Law and Economics at the University of Bonn, the former capital of Germany. The interdisciplinary approach of Law and Economics provided me with a methodology to assess which legal rules are economically efficient, and to understand their effects on human behavior. I also gained insights in areas such as micro- and macroeconomics, mathematics, and statistics. After graduating in 2018 with the LL.B., I continued to study German law. During my law studies I focused on International and European Law of Economic Relations with courses such as Foreign Investment Law and Antitrust Law. My studies were supported by the Konrad Adenauer Foundation’s scholarship program for outstanding students. In 2021, I graduated from my German legal studies program with the First State Exam at the higher regional court.¹

My first encounter with Anglo-American law was in 2015 during the two-year Foreign Law and Language Program at the University of Bonn covering areas like U.S. commercial law, U.S. civil litigation and international arbitration. My interest in international law also led me to participate in the 58th Philip C. Jessup International Law Moot Court Competition in 2016. In preparation for this competition, I drafted oral and written pleadings on issues such as obligations to endangered world cultural

¹ Oberlandesgericht Duesseldorf.

sites, equitable use of shared natural resources, and repatriation of cultural property. Moreover, I took part in the 2017 summer program of the Xiamen Academy of International Law in China on international economic law and public international law featuring leading scholars, including Alain Pellet, Jean d'Aspremont and Eyal Benvenisti.

My fascination in cross-border matters and foreign trade law also led me to study a semester at the law faculty of Tongji University in Shanghai, China. In small classes, I participated in intense discussions on topics such as Chinese tax law, foreign trade law and intellectual property law. After returning to Germany, I have continued to deepen my knowledge about Asia in parallel with my law studies. In 2019, I received a B. A. in Asian Studies with Chinese Language at the University of Bonn. This allowed me opportunities to improve my fluency in Chinese language, and gain further understanding of Chinese and Asian history, society, and economy.

WHAT DID I EXPECT PRIOR TO THIS EXTERNSHIP?

My externship at Ruchelman P.L.L.C. brought me the opportunity to work at an established international firm with high expertise on cross-border matters.

Going into the externship, I was extremely excited to gain insights into U.S. tax planning and legal services and to become at least a tad more familiar with international provisions of the Internal Revenue Code as well as U.S. inbound and outbound commercial and financial transactions. What made Ruchelman P.L.L.C. further interesting is the team and its diverse client base. I was thrilled to work alongside a highly qualified and experienced set of attorneys with a background in three continents, and the chance to communicate with firm clients in various languages. The firm's diverse international client base was reflected in its broad-based and richly educated team. Clients include both non-U.S. individuals and foreign corporations operating or investing in the U.S., as well as individuals and firms based in the U.S. with operations or investments abroad.

As an extern, my hope was to contribute to the firm with my knowledge of German law, and, more broadly, my training in law and economics, my research skills, and my language skills. My research skills were honed through my six-year work as a student assistant for Prof. Dr Stefan Talmon,² Director of the Institute for International Public Law at the University of Bonn. My bachelor thesis was graded highest and term papers earned scores in the 98th percentile. Further, I hoped that my knowledge of English, German, Chinese, French, and Spanish might also be a useful asset.

By assisting the attorneys, I wished also to acquire specific technical knowledge and understanding of U.S. tax law. I anticipated bringing together many of the different skillsets that I have been building over the past few years by working on varied tax research projects and client matters, reviewing commentaries and treatises, assisting in the preparation of memorandums, and perhaps even drafting contracts and other documents required in connection with the firm's projects. In addition, I hoped to develop my tax research skills and to get acquainted with common databases.

² LL.M., M.A.

Moreover, at a higher level I was extremely excited to gain insights into U.S., the working culture and “open-door” policy. Besides work, I looked forward to immersing myself in the American lifestyle and gaining a new perspective on things I may never have thought about. As it was my first time in the U.S., there certainly was a lot to discover everywhere, especially regarding U.S. culture, fan sports, society, and history. No matter where you come from, New York City offers an exceptional place to experience American vibrancy, creative spirit, and the so-called melting pot of cultures and traditions.

WHAT WAS MY EXPERIENCE LIKE?

There it was, my first day. I was filled with excitement and curiosity about the people I would work with. The firm’s Office Manager showed me around the office, showed me my working space, and introduced me to the team. I had a first meeting with the Chairman of the firm, who took the time to meet with me, explain the firm’s structure and practice, and ask me about my goals and expectations from this experience. Everything was set up including personalized accounts for research databases. The warm welcome and kindness of everyone made me immediately feel I was part of the team. This feeling is particularly memorable and one of the strongest and abiding takeaways – I am grateful to the Ruchelman P.L.L.C. team for including me in so many matters, from the get-go, and for inviting me to actively contribute to a number of them. This was an unforgettable experience!

My first days focused mainly on understanding the general concepts of U.S. tax planning. The attorneys introduced me to the contours of their system, answered my questions, and provided me with comprehensive materials about the taxation of cross-border and foreign transactions in the U.S. I learned all about rules for determining residency, dual status for a tax year, the source of income, and more topics. Furthermore, I received the benefit of tutorials and research software for U.S. tax advice, namely Thomson Reuters Checkpoint and Bloomberg BNA. These two research tools are designed to provide answers to a variety of tax, accounting, trade, and finance questions. The introduction was extremely useful for later research, interpretation of rules and understanding cases.

Straight away, I received my first research assignment – in a matter concerning the foreign tax credit. A foreign company was being sold by its owner, after moving to the U.S. I learned about the effect of a bilateral tax treaty and its residence tiebreaker rule. It was fascinating to understand first the relation between the national and international rules, and second, the relation of norms of the treaty itself. It was also thrilling to conduct research for different attorneys and to discuss the results with them afterwards. My research involved a high variety of topics, from the question of whether there was the need to notify the I.R.S. about repatriation payments to Holocaust survivors, the exit tax applicable after a renunciation of U.S. citizenship, and the voluntary disclosure of unreported foreign financial accounts by U.S. tax residents. Through this work, I even learned about subjects, such as the I.P.O. process, and the evolution of cryptocurrency.

Another fascinating research assignment was one focused on the elements required for successful tax rescission. Have you ever wondered what happens for tax matters when attempting to “rescind” a transaction? The I.R.S. has set out two prerequisites in the Revenue Ruling 80-85. First, the parties must be returned to the *status quo ante*, the relative positions they would have occupied had no contract been made.

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Second, the transaction must be restored to the *status quo ante* within the same tax year. Deeper insights are provided in a previous *Insights* article, “Rescission – Undoing a Transaction That Seemed Like a Good Idea at the Time.”³

While the pandemic had negative impacts on various areas of life, it allowed me to take part in online webinars on tax planning matters. Particularly insightful was a seminar on Tax Planning Considerations When Marrying a Non-U.S. Citizen, part of the Continuing Legal Education (“C.L.E.”) program at New York Law School. An introduction was given to different married couples’ status for tax filing purposes (which in the U.S. includes filing jointly, separately or as what is referred to as head of household), the non-U.S. citizen spouse’s income and pre-immigration planning considerations.

The tax externship allowed me as a German lawyer to gain deeper insights in a very different system of tax law and a common law regime. While working, similarities became apparent, especially in the area of company law. Discussions about inheritance law and gift law revealed some differences between common and civil law concepts, e.g., the impact of disclaiming or renouncing one’s inheritance for the benefit of other heirs.

During my daily work, I supported the team with preparation and categorizing of documents, and drafted conference notes. I received tasks from all the attorneys and was supremely grateful that they took the time to explain the background, reflect on the work done and give me timely feedback afterwards. Their legal input, guidance, and, most importantly, the freedom to think through problems in a principled, yet creative manner that they demonstrated to me, were unparalleled learning and growth opportunities for me. As previously mentioned, I was strongly impressed by the way the team welcomed and integrated me, on Day One, as an equal in their endeavors. It was great not only to work together with each of them, but to get to know everyone at work and at after-work events. It provided me with unexpected and enriching lunch discussions, celebration of passing my bar exams, the chance to catch an Israeli birthday song, practice my French and Chinese conversation skills, and even extended to sampling craft beers from Brooklyn and Belgium after work. I attended networking events with colleagues, such as a soirée organized by the British American Business Council (“B.A.B.C.”), a transatlantic trade organization, and caught my first concert at the New York Philharmonic. Outside work, I celebrated my first real Thanksgiving with an American family in the Washington D.C. area, stood on the stairs of the Supreme Court while gazing at the resplendent Capitol, and even dug into the historical roots and meaning of America on the freedom trail in Boston. Filled with these rich experiences, it was finally time to say goodbye!

CONCLUDING REMARKS, SPECIAL THANKS AND... WHAT COMES NEXT?

I came to New York City full of curiosity and the simple wish to extend my horizons. My expectations were far and away exceeded. Working at Ruchelman P.L.L.C. gave me practical insights in the U.S. tax planning and the legal system that I could not obtain anywhere else. The externship allowed me to grow intellectually, professionally, and personally. With the team at Ruchelman P.L.L.C., I found wonderful

³ See Ruchelman, Rastogi, “Rescission – Undoing a Transaction That Seemed Like a Good Idea at the Time,” *Insights* 8 no 6 (2021): p. 40.

colleagues with whom I will delight to remain in touch. Special thanks go to Stanley C. Ruchelman and Galia Antebi, willing to accept me as a tax extern, as well as to the whole team – they included, from partners to staff (in alphabetical order), Andreas Apostolides, Nina Krauthamer, Wooyoung Lee, Claire Melchert, Simon Prisk, Zoë Ragoonanan, Neha Rastogi, and Julissa Rodriguez. I also wish to give my sincere thanks to the University of Bonn for supporting such an externship, through the PROMOS scholarship,⁴ offered by the German Academic Exchange Service, under the German Ministry of Education and Research, and designed for the purpose of promoting students to go on short stays abroad.

Having returned to Germany just before the New Year, I am now ready to begin my legal training as a “*Rechtsreferendarin*,” or Legal Trainee, at the Regional Court of Aachen, in the city which served as the Emperor Charlemagne’s capital over 1,200 years ago. The experience of the legal externship at Ruchelman P.L.L.C., which I bring with me, is a highly precious one, which helps me not only in ultimately being a better and more well-rounded lawyer, but also by giving me tools of critical thinking and analysis that will help me in deciding the path that my career will take, and how to do that career better. In a globalized world, my sense is that it behooves us all to become more acquainted with different systems of law, and my immersion in U.S. tax and legal principles at this firm has incomparably extended my thinking, and my horizons!



⁴ “PROMOS” stands for “*Programm zur Steigerung der Mobilität von deutschen Studierenden*,” meaning “Program to Increase the Mobility of German Students.”

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