

MVP: Covington's Jeremy Spector

Law360, New York (December 15, 2017, 4:32 PM EST) -- Jeremy Spector, whose tax practice at Covington & Burling LLP singularly and uniquely focuses on representing the sports industry, landed a spot among the five Law360 Tax MVPs of 2017 after he won a precedent-setting case for the Boston Bruins, advised the Mexican Football Federation in its joint bid with U.S. and Canadian soccer federations to host the World Cup, and emerged victorious in a string of IRS audits.

HIS BIGGEST ACCOMPLISHMENT THIS YEAR:

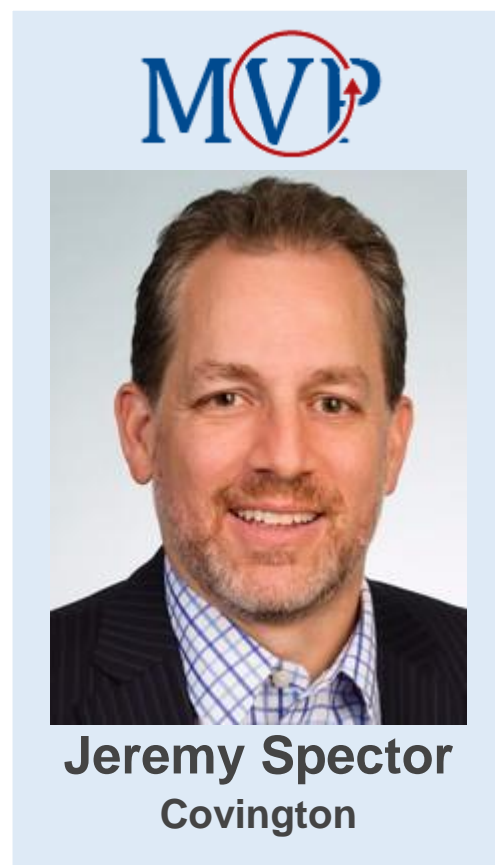
Spector's work on behalf of the owners of the NHL's Bruins in the U.S. Tax Court was particularly notable because the case was the first major sports case to reach the court in two decades. Many tax controversies in the sports industry are settled during the IRS' audit and appeals stage, he said.

The dispute in the case centered around how much could be deducted for meal expenses during away games. It was relevant to the sports industry at large, considering the number of people traveling to games and the number of such games per year for leagues with multiple teams.

While the Internal Revenue Service had argued that the Bruins' owners could only deduct half the meal costs during away games, the Tax Court ultimately ruled that they had satisfied five tax code requirements to consider these travels as business trips and deduct the full cost of the meals. The requirements include whether contracts governing the use of hotels in cities to which the team travels are substantively leases and whether the meals occur in a space where a substantive amount of business is done.

WHAT MADE THE CASE CHALLENGING:

Spector said he had to convince the Tax Court that the case was not just about sports and entertainment but how the sports industry works as a business behind what audiences see in stadiums and on



television screens. His key witnesses — the hockey team’s head coach, its athletic trainer and its hotel logistics manager — were not typical tax case witnesses, he said.

“I think what the judge understood after we had our three witnesses give their testimony was that, in fact, the team uses the hotel as its base of operations, that this is not just hanging out and watching TV in your hotel room and maybe sitting at the lobby bar,” Spector said. “He understood that everything that goes on in that hotel is really going on with a business purpose, and so the hotel becomes the team business premises.”

OTHER SIGNIFICANT ACCOMPLISHMENTS THIS YEAR:

When Federación Mexicana de Fútbol Asociación teamed up with the U.S. and Canadian soccer federations to bid for the 2026 World Cup, it called on Spector to advise on how its activities would be taxed in the U.S. Spector said he had to navigate international tax questions related to the Mexican federation’s games played in the U.S., tax treaty questions related to funds flowing back and forth between Mexico and the U.S., and issues related to the federation’s tax-exempt status in Mexico — all while balancing the competing interests of the three partners in the ongoing bid.

“Usually when a country bids to host the World Cup, it will do that on its own,” Spector said. “For this bid, we have this very unusual situation where three countries together — Canada, the United States and Mexico — are putting up a joint bid. So you can imagine already what the business relationships and maybe even what the tensions are among the three federations.”

He also guided the tax-efficient planning and structuring of sports league businesses, including advising on international licensing deals when leagues try to export trademarks, and won multiple cases for various sports industry clients at the IRS audits and appeals level that centered on tax issues related to player contracts, stadiums and television broadcasts.

“One of the really fun parts of the practice is to make sure that I’m not so laser-focused on tax that I lose sight of what the client is trying to accomplish,” he said.

WHAT MOTIVATES HIM:

The trust of clients is a humbling factor that Spector said made him want to “do right by them.” He also said that Covington is a firm where everybody’s work is seen as a “common enterprise,” and partners are willing to help each other out while mentoring “tremendously talented associates” with their professional development.

“We all have each other’s back and so ... that just makes you want to work harder for the common good that everyone’s trying to get to, which is getting the client the best advice,” Spector said.

— *As told to Vidya Kauri*

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through high-stakes litigation, record-breaking deals and complex global matters. A team of Law360 editors selected the 2017 MVP winners after reviewing more than 1,000 submissions.

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