

Portrait of Excellence: A Conversation With Sujata Yalamanchili

by Roxanne Bland

For the Love of Tax is a regular series appearing in *Tax Notes Federal*, *Tax Notes State*, and *Tax Notes International* that invites practitioners and other tax professionals to share what attracted them to the tax field and the things they find most fulfilling about the work they do.

In this installment, *Tax Notes State's* contributing editor Roxanne Bland interviews Sujata Yalamanchili, partner in the Hodgson Russ law firm in Buffalo, New York. *Tax Notes* recently published an article that addressed why women leave the tax profession, but there is more to say about why women remain. This is Yalamanchili's story.

Buffalo, New York, has been called the "queen city." Yet other women of power grace its streets, such as Sujata Yalamanchili, a partner in the Hodgson Russ law firm. She is the firm's real estate practice leader as well as its retail sector industry leader. At Hodgson Russ, Yalamanchili has served on the board of directors, and she is the former chair of the firm's Committee for Attorney Recruitment, Development, and Diversity. She has extensive experience in business and commercial real estate development, commercial leasing, and real estate investment and financing.

Walking Into Tax Life Through the Side Door

Born in Minnesota and now residing in Buffalo, Yalamanchili earned her bachelor's degree *summa cum laude* from Buffalo University and her master's in business administration from the same institution. She earned her law degree from Cornell University.

Yalamanchili hasn't always worked in tax. Rather, you could say she walked in through the side door. Working outside the tax profession, many people develop an appreciation for the

subject because tax concerns are deeply intertwined with the nontax work they perform. Yalamanchili is one of them. Before attending law school, she worked as a financial analyst for a *Fortune* 50 company, where her responsibilities included cost accounting, project analysis, budgeting, and forecasting. These duties regularly exposed her to tax questions, and her appreciation grew from there. "I think I've always had an appreciation of tax policy, [and] the mechanical and policy aspects of tax law," Yalamanchili says. She explains that "I worked for a division [of General Motors], and a big part of what I did was cost accounting. We would look at every component that went into those vehicles for cost accounting around that. Looking at the details of the components that make up the financial aspect of something like running a business was such great training because now, when I think about tax law, I think about the financial aspects of these transactions — the purchase price in a transaction, but also the tax aspects [relating to] the planning of the short-term and long-term impacts of structuring a deal. I think financial analysis and cost accounting flows naturally into tax law."

Coming Back to Tax

Despite her interest, Yalamanchili put aside tax during law school and in her early years of practice, returning to it once she "saw the ways it impacted different aspects of work." It was "more than just the mechanics" behind it that interested her, it was the realization that "everything about taxes has a policy implication, [and] how you use taxes to effectuate policy" is what she found fascinating. Thinking past the mechanics behind the tax is important to gain that deeper



Sujata Yalamanchili

understanding of the issue, Yalamanchili says, explaining that this knowledge of approach is driven by years of practice. For example, she shared a recent experience with a Hodgson Russ associate. “It was interesting because [the associate] was a relatively new attorney, but I think she was hyper-focused on the technical parts, on the mechanical parts of the tax issue, and I asked her to step back and think about what this means. By [the government] doing this, what behaviors [will the law] cause businesses to engage in, to change, and is this what the government intended? Why? So, I think she got a deeper understanding of the issue by being forced to step back. But I think that understanding [only] comes from years of practice.”

The breadth of Yalamanchili’s practice is extensive. She has acted as lead real estate counsel to a publicly traded financial institution, a nonprofit healthcare organization, and a retailer based in the United Kingdom with more than 200 retail locations across North America. She has provided advice to a company entering into contracts with airport authorities, which included

structuring joint-venture arrangements to qualify for minority- and women-owned business status. Yalamanchili works with foreign Consulates and Embassies on their U.S. real estate matters, and has assisted in the development of hospitality projects, including management contracts, leases, franchise agreements, and joint-venture agreements. The number of areas in which Yalamanchili has legal expertise makes her a valuable asset to Hodgson Russ.

Every Nontax Practice Area Has a Tax Angle

Yalamanchili’s practice covers a wide swath of nontax areas. Asked whether her tax expertise comes into play when dealing with issues in these diverse areas outside tax, she said, “Hodgson Russ has a comprehensive tax practice, and though tax plays a large part in what I do, I’m not listed as a tax lawyer.” But she notes that the firm has one of the largest tax practices in the state of New York. “This,” she says, “gives me a baseline to all of the transactions that occur in nontax areas that I can trace into other areas of the firm’s nontax practice.” There are many ways Yalamanchili’s command of tax complements the firm’s nontax practice areas, as her expertise provides opportunities to work with the firm’s trusts and estates lawyers on the complex structuring of estates, or to look for tax-efficient ways to structure a trust to transfer wealth, including real estate assets. “I also work on the tax aspects of cross-border transactions,” Yalamanchili explains, adding that “every real estate development project has not only federal tax issues, but we’re also looking at state taxes and different transfer or mortgage tax issues.” She also engages in a lot of commercial leasing work, explaining that — perhaps surprisingly to some — there are several tax issues associated with it, including transfer taxes and federal and state tenant improvement taxes, leading Yalamanchili to surmise, “I can’t think of a transaction I’ve done that doesn’t involve taxes.” She embraces the challenges her work with Hodgson Russ entails, as the firm focuses on complex cross-border issues with multiple states involved. “That’s what I love about the variety. [I’m not called on to] know just one section of the IRS tax code. I’m called on to know about local taxes, state taxes, federal taxes, international — it’s just fascinating.”

Working in so many areas, Yalamanchili says, provides her with a “holistic and comprehensive view.”

It’s a Pressure-Filled World

While Yalamanchili loves her work, speed can begin to characterize one’s practice. However, she adds, “in our pressure-filled world speed is important. But not at the expense of reflecting and properly considering complex issues.”

Asked if there was anything about New York state tax law she’d like to see changed, Yalamanchili spoke of the state’s mortgage tax. “New York imposes a tax on mortgages. Mortgages which secure credit-line mortgages are vexing since New York takes the position that for each advance and re-advance, mortgage tax is due. [The state] offers some relief from this ‘re-advance’ tax, but with limitations that are confusing and hard [for practitioners] to navigate.” To obtain relief from the tax, she says that, among other limitations, “the credit-line mortgage must be under \$3 million, and the borrower must remain the same during the whole term. This causes borrowers and lenders to avoid entering into these types of mortgages since the cost of a mistake is fairly high — the mortgage tax can be 1 to 2 percent of the mortgage amount.” Yalamanchili argues that “if New York clarified and eased the rules, more borrowers and lenders would use these mortgages, and that would increase revenue for the state.” She notes that doing so “wouldn’t solve the huge budget problems New York is likely to face after the COVID-19 crisis, but it would help parties to do business in the state and lead to more mortgage tax revenue.”

Balancing Life and a Career

Yalamanchili enjoys what she does, and she is energized by closing a deal and accomplishing things in work. But she also engages in several activities that keep her life balanced. “I like talking to people, mentoring people around work-life balance,” she says, adding that everyone is different so there “is no magic formula.” Yalamanchili serves on the Williamsville Education Foundation, which raises funds to support scholarships and other services for the Williamsville School District, her local

district. She also serves on the board of Summit Center, a school for individuals with developmental disabilities that supports a number of local school districts, and she assists with legal work for a number of charter, public, and local private schools.

Yet one “has to take time [for oneself],” and she finds her own direction in her late father’s ways following his retirement. “He embraced a range of exercises, yoga, and different diets — he took really good care of himself. In the last few years, I’ve really focused on exercise in a meaningful, regular way, and making choices that are helpful to my body, [choices that] energize me.” For Yalamanchili, this means finding great joy in the simple things. She fondly recalls long summer car trips as a child in her family’s station wagon with everyone and the (large) dog crammed in the back. “The road trip was often more memorable and fun than whatever destination we went to.” These simple joys do not escape her today. “On sunny days,” she says, “I get up early and go out for walks. I have children, and I enjoy traveling to see them. And I enjoy traveling to different environments.” These pleasures are among her true joys of life. ■