Proskauer

Five Questions With Proskauer Tax Partner Kathleen Semanski

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What is the biggest challenge that tax practitioners are facing in 2026?

It's the same challenge facing the entire legal industry: how to evolve our practice in light of developments of technology, particularly artificial intelligence. Even the most luddite among us can predict that AI will have, and is already having, a transformative effect on the practice of law. And we are still in the early stages.

For tax practitioners, identifying potential use cases for AI requires a bit more creativity. Reviewing the "tax provisions" of legal documents is part of the job, but it's just one part. Much of what we do as tax practitioners is non-linear. It requires synthesizing large amounts of disparate information—both factual and legal—and often with many moving parts, identifying potential tax implications, and collaborating with the client and team members on strategies to achieve efficiencies and reduce risk.

This is as much art as it is science. AI technology isn't quite ready for sophisticated tax and structure analysis, although it's improving every day. That said, it represents a tremendous opportunity for anyone who can harness it.

What tax issue keeps you up at night?

Compliance, compliance, compliance. Much of my practice is transaction-driven. We review the business deal, conduct diligence, advise on tax implications, collaborate on structuring. We draft and review documents, and we shepherd the transaction to a successful closing. Then, in many cases, our role is done.

What continues to keep me up at night is thinking about what comes next. Our clients are responsible for ensuring go-forward compliance and reporting. Not only is this process administratively burdensome, but it also can represent significant financial risk, such as where favorable tax treatment is dependent on proper reporting, or where there are material financial penalties for noncompliance.

I see the pressure this puts on our client's tax and compliance teams. Advances in legal technology hopefully will alleviate much of this, but I think some of the difficulty is simply inherent in the rules. It's not an easy problem to solve.

What's the biggest lesson you learned in your early years of practice?

Don't make a simple thing hard. This is a favorite saying of my colleague and mentor, Martin Hamilton. It's tempting to always reach for further tax optimization. But this optimization often comes with costs: time, operational complexity, commercial friction, and (sometimes) even risk.

For some transactions, the juice is worth is squeeze. In others, speed, flexibility, and operational ease matter most. An effective tax adviser is looking at the whole picture.

What is one section of the tax code that you'd like to change?

Section 7874. This provision was introduced to the Internal Revenue Code in 2004 primarily to discourage tax-driven re-domiciling of US multinational corporations in jurisdictions outside of the US. However, the provision applies not only to inversions of US corporations but also to US partnerships. The result is a number of counterintuitive applications that don't seem to serve a clear policy purpose and are potentially traps for the unwary.

What was the last thing you believed beyond a reasonable doubt?

The practice of tax law is a team sport. It's intellectually rewarding and at times even fun. But it can also be immensely challenging. The Code and Treasury Regulations are dense and labyrinthine in complexity but still leave many questions unanswered. Transactions are increasingly complex and client expectations are high.

Having colleagues with whom to collaborate on structures and work through thorny substantive issues is indispensable. I'm fortunate to work with a team of brilliant lawyers and all-around great people—I wouldn't have made it this far in my career without them.

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