

Sell-Side Consulting Assistance

Mergers & Acquisitions Tax

When a company is considering a disposition or monetization event, numerous tax issues must be taken into account. Whether through predisposition restructuring or assisting with the potential reduction of cash taxes and increasing net proceeds, KPMG LLP (KPMG) and professionals from the Mergers & Acquisitions (M&A) Tax practice can assist clients and add value to each disposition or monetization transaction. We are ready to assist you through each stage of the transaction lifecycle with select areas highlighted below.



Tax-efficient exit structuring services

Whether selling shares in a top-co or in a subsidiary, other equity interests (e.g., partnership units, etc.), or just certain assets, planning the exit structure is integral to enhancing net proceeds and benefits the seller. M&A Tax can:

- Assist with tax modeling, basis step-up calculations, other tax attribute (benefits) modeling, tax reform impacts, anticipated cost of the transaction (including transfer taxes, effective tax rate for postclose periods, and estimated cash flow calculations)
- Assist with subsidiary stock basis calculations (domestic), CFC basis calculations (foreign), and asset basis calculations
- Provide tax structuring assistance, including working with the client to prepare a structure deck with alternatives detailing the proposed steps and related tax analysis
- Prepare documentation supporting exit structure whether a step-plan, memorandum, or formal tax opinion



Traditional sell-side services

Preparing for a disposition can be a time-consuming and complex process. To help companies execute an efficient and on-schedule disposition, our M&A Tax team can:

- Perform tax due diligence assistance and prepare a sell-side tax due diligence report and/or tax fact book (by performing this work prior to disposition, areas identified as potential risk exposure areas can be mitigated prior to sale to increase the transaction value and limit the amount of time a seller spends on tax due diligence.)
- Maintain a dataroom, participate on tax due diligence calls, and assist with follow-up requests
- Advise management and other advisers on the tax aspects of the diligence
- Read and comment on the tax aspects of the purchase agreement and the funds flow
- Participate on calls and respond to questions relating to representations and warranty insurance



Transaction closing and postclosing assistance

In making a disposition, there are certain tax consequences that need to be taken into account by the company. And speed matters. The passage of time can result in value erosion, operational disruption, emotional fatigue, and talent loss. A successful disposition requires balancing speed against other key variables. To facilitate a more efficient process, M&A Tax professionals can perform the following:

- Accounting for income tax services that provide ASC 740 technical advice for carve-out, sale, joint venture, and other disposition transactions, including the documentation of uncertain tax positions and assistance with carve-out financial statements and disclosures required for Securities and Exchange Commission filings
- Compensation and benefits services that identify, design, and assist in the execution of shareholder/management exit (including "280G"/"golden parachutes") and/or rollover
- Tax transition services that develop functional roadmap(s) assessing the key changes from the current as-is situation through the interim and end-state operating model and evaluating people, process, and technology needs
- Transaction cost analysis, including the tax deductibility of transaction costs and the push down of costs, where appropriate
- Preparation of elections, statements, and/or forms associated with the transaction
- Finalization of any posttransaction structuring planning, as a disposition transaction oftentimes includes other restructuring of the current structure to effectuate tax efficiencies

Why use KPMG M&A Tax?

- Provide industry and transaction experience to help enhance tax benefits to seller and buyer
- Leverage the value of deal drivers in a sale
- Reduce disruption to the seller's tax department during the transaction
- Facilitate seller's ability to maintain control of the process
- Enable speed and certainty of the transaction



Contact us

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