

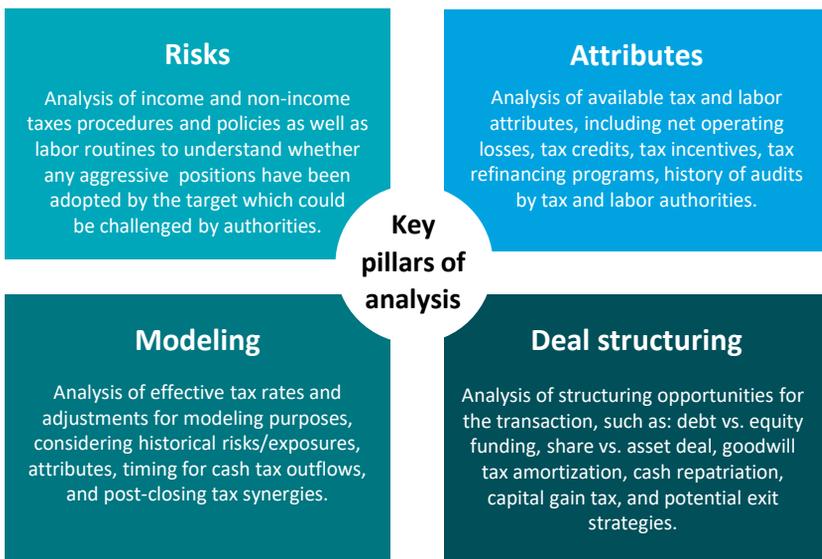


Introduction to Tax, Labor and Social Security due diligence

Tax, labor and social security due diligence provide a deep dive into the target’s tax, labor and social security profile — including potential exposures, available attributes and impacts on modeling — by analyzing significant returns, financial statements and supporting information, as well as conducting interviews with management and advisors. We analyze and quantify deal-specific risks and opportunities to assist clients in developing negotiating positions as part of a deal.



Key pillars of our Tax and Labor due diligence approach



Any buy-side transaction, no matter the size or structure, can have a significant impact on the acquiring company. Developing and implementing a robust tax and labor due diligence exercise can lead to a much better assessment of the risks and potential benefits, enable the renegotiation of pricing and other key terms, and smooth the way towards a more effective integration.

A sell-side (vendor) due diligence allows you to take control of the process and can provide you with an opportunity to formulate and implement mitigation strategies with regards to identified tax and labor risks.

Also, a sell-side report helps speeding up the process by providing the potential acquirers with a comprehensive analysis and detailed information about the company that is being sold.

Main benefits of the Tax and Labor due diligence

- ✓ Identify impact on transaction pricing.
- ✓ Identify historical unassessed tax and labor exposures.
- ✓ Consider risk mitigation strategies and contractual protection for identified tax and labor exposures (e.g., escrow deposits, holdback, indemnifications, representations and warranties).
- ✓ Identify tax attributes that may impact target’s future tax position and cash flow.
- ✓ Consider tax and labor impacts for modeling purposes.
- ✓ Consider implications for proposed acquisition structures.
- ✓ Tailored tax inputs into the Sales and Purchase Agreement.



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