

Deloitte.

M&A

How tax adds
value to M&A
transactions



How Deloitte tax adds value to M&A transactions

Tax Due Diligence: We identify tax risks and optimisation potential

- Identification of
 - Historic tax risks
 - Ongoing/future tax risks (Value Added Tax/ Transfer Pricing)
 - Tax optimisation potential
- Assessment of
 - Amount of risk
 - Likelihood of occurrence
- Appropriate and useful recommendations how to deal with tax findings in valuation/ Sale & Purchase Agreement and/or post-Closing

What the BUYER wants:

- Tax efficient acquisition structure
 - Deductibility of interest expenses and transaction cost
 - Depreciation on acquired assets
 - Use tax losses carried forward
 - Minimise tax cost of transaction
- Protection for historic tax risks
- Identify tax optimisation potential and tax assets to allow for increased offer (in particular in an auction process)

What the SELLER wants:

- No adverse impact of tax issues on valuation
- Tax assets reflected in purchase price
- Minimise tax costs of transaction
- Avoid payments on escrow
- Avoid representations/indemnifications
- No tax leakage on repatriation of sales proceeds

We facilitate the sales process

- Identify areas of tax exposure
- Deal with tax exposure prior to/during sales process
- Summarise tax situation in a tax Vendor Due Diligence report

Tax Structuring: We elaborate a tax efficient structure, for acquisition and ongoing

- Find tax effective (and operationally & legally feasible) acquisition structure
 - Avoid transaction taxes
 - Achieve ongoing tax effects (low effective tax rate/minimise tax cash out)
 - Make use of target's tax assets
 - Tax efficient profit repatriation
 - Tax efficient carve-out (if intended)
 - Tax efficient future exit (if intended)
- Consider seller's tax situation (acquisition structure should respect seller's tax situation as well to increase acceptance of offer)

Buy-side support



Sell-side support

Tax Structuring: We evaluate a tax efficient deal structure

- Pre-Closing reorganisation/carve-out planning
- Avoid blocking periods
- Minimise transaction taxes
- Minimise taxation on repatriation of sales proceeds
- Anticipate buyer's tax structuring needs

Tax Rulings: We provide advance comfort on tax issues

- Clearance on tax consequences resulting from acquisition/legal implementation
- Ongoing taxation

Tax Rulings: We provide advance comfort on tax issues regarding

- Pre-Closing carve-out
- Tax treatment of sales proceeds
- Transaction taxes
- Repatriation of sales proceeds

We provide input to Sales & Purchase Agreements (SPA)

Contractual protection for buyer:

- Ensure Tax Due Diligence recommendations are appropriately reflected
- Ensure SPA reflects contemplated deal structure

Protection of seller's tax position:

- Avoid or limit tax representations and indemnifications
- No un-justified reductions of sales price due to tax (non-) issues

Contacts



Flurin Poltera

Partner
Head M&A Tax Services
Deloitte AG
Switzerland
+41 58 279 72 17
fpoltera@deloitte.ch



Reto Savoia

Managing Partner Tax
Deloitte AG
Switzerland
+41 58 279 63 57
rsavoia@deloitte.ch



Jacques Kistler

Partner
M&A Tax Services Romandie
Deloitte SA
Switzerland
+41 58 279 81 64
jkistler@deloitte.ch



Jan Oberholzer

Director
M&A Tax Services
Deloitte AG
Switzerland
+41 58 279 63 11
joberholzer@deloitte.ch

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/ch/about for a detailed description of the legal structure of DTTL and its member firms.

Deloitte AG is a subsidiary of Deloitte LLP, the United Kingdom member firm of DTTL.

Deloitte AG is recognised as auditor by the Federal Audit Oversight Authority and the Swiss Financial Market Supervisory Authority.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte AG would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte AG accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2013 Deloitte AG. All rights reserved.

Designed and produced by The Creative Studio at Deloitte, London. 29506A