



## Corporate Restructuring Services A Tax Perspective

### Overview

Corporate restructuring refers to the act of reorganising the legal, ownership, operational, or other structures of a company for the purpose of serving the needs of its stakeholders. Our Corporate Restructuring Services Tax team works with companies undergoing a restructuring, by analyzing their tax issues and assisting them in evaluating tax efficient restructuring options.

### Key Issues

In Cyprus, there are a number of key tax issues that often impact corporate restructurings. The most frequent are:

#### Debt forgiveness

The release of debt can lead to tax implications for both a borrower and lending company, in particular when these are connected parties. To ensure that the transaction is appropriately structured advice should be sought with respect to such debt forgiveness.

#### Disposal and acquisition of debt portfolios

The sale and purchase of debt portfolios (including distressed debt) can result in unexpected tax consequences and should therefore be carefully analysed from a tax perspective.

#### Corporate disposals and reorganizations

As a disposal of assets may potentially result in taxable profits, professional

advice should be sought with respect to any potential exposures and to explore possible options for structuring. This applies with respect to disposals to third parties as well as intra-group transfers.

#### Bank loan restructurings

A bank loan may be restructured tax-free under certain conditions and therefore, professional advice should be sought with respect to the appropriate restructuring options.

#### Tax attributes

Part of the value of a struggling company may be in its accumulated tax losses (or other deferred tax assets). It is easy to lose these tax losses on a change of ownership if the way the business has or is to be operated, or indeed in some circumstances how it is intended to be funded, also change.

#### Settlement of taxes during winding up

During liquidation, outstanding taxes should be agreed with the tax authorities and settled, and the liquidator will normally require a clearance from the tax authorities. The complexity of this process depends on a number of factors, including the profile of the operations of the company, its assets and shareholders. Professional advice should be sought (including with respect to negotiations with the tax authorities) in order to facilitate settlement of tax obligations and prevent significant delays in the winding up process.

### How Deloitte can help

Our Corporate Restructuring Services Tax team has the technical expertise and the practical experience to advise you on the tax implications of your corporate restructuring.

Contact us:

#### Pieris Markou

**Partner, Tax & Legal Services Leader**  
E-mail: pmarkou@deloitte.com  
Tel.: + 357 22 360300

#### Antonis Taliotis

**Partner, Tax & Legal, Business Tax Services**  
E-mail: ataliotis@deloitte.com  
Tel.: + 357 25 868686

#### Michael Aris Michaelides

**Senior Manager, Tax & Legal, Business Tax Services**  
E-mail: mmichaelides@deloitte.com  
Tel.: + 357 22 360300

#### About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a more detailed description of DTTL and its member firms.

Deloitte Limited is a private company registered in Cyprus (Reg. No. 162812).

Offices: Nicosia, Limassol, Larnaca.

© 2016. For information, contact Deloitte Limited.