

**Deloitte.**

Deloitte Legal—Representing tomorrow

Corporate Reorganizations

Global reach, local focus



## The challenge

In today's evolving commercial and economic environment, businesses are continually seeking opportunities to manage operating costs and tax positions as well as contain cash expenditures.

Entity structuring can help achieve these goals but often presents many challenges for multinational corporations. In addition, the OECD's Base Erosion and Profit Shifting (BEPS) proposals are expected to impact the bottom line of affected organizations and result in some business restructuring.

### Common challenges with entity structuring:



## An integrated approach

Leveraging a global network, deeply rooted local focus and experience, and a strategic investment in technology, Deloitte Legal delivers an integrated approach to clients' corporate reorganization needs.

Services include:

- Simplifying group structures
- Executing domestic and cross-border transactions including mergers, demergers, disposals, and company migrations
- Transferring assets and business units
- Aligning legal structures to business models
- Establishing national or regional hubs
- Converting subsidiary company structures to branch structures and vice versa
- Integrating legal structures following a merger or acquisition

Providing practical advice and assistance throughout the planning, development, and implementation phases of corporate reorganizations, Deloitte Legal assists businesses and other advisors in developing and implementing efficient, cost effective legal structures and business operating models.

Deloitte's Corporate Reorganizations professionals help businesses to streamline complexity, improve governance and compliance, manage cost, and enhance organizational risk management.

## Common drivers and potential benefits for corporate reorganization

### Operations

- Simplified decision-making structures through alignment with operating model
- Greater coordination between service lines and sales force
- Production and sourcing synergies

### Legal

- Greater efficiencies in meeting statutory formalities
- More efficient public notice and shareholder meetings preparation
- Streamlined compliance processes

### Tax

- Reduced tax compliance costs
- Profit & loss pooling
- Simplified transfer pricing structures

### Accounting

- Simplified financial and intercompany reporting
- Reduction of business combination efforts
- Increased transparency for decision making

### Finance & Treasury

- Simplified currency hedging strategies
- More efficient cash forecasting
- Simplified cash pooling and cash management

### Risk Management

- Increased transparency
- Reduced organizational and governmental risk
- Organization in line with clear legal entity structure

### Administration

- Reduced administrative and shared services costs
- More efficient intercompany transactions
- Vendor rationalization and policies consolidation

### Human Resources

- Unified employment terms, remuneration packages, and programs
- Payroll service related savings

## Real results at real businesses

A major global automotive group was seeking to enhance agility through reorganization.

They engaged Deloitte to design and implement a corporate structure that brought their entire European sales operation under one roof, as part of a pan-European program to centralize more “non customer facing” activity within its European HQ in the UK.

In achieving a pan-European reorganization of this scale, Deloitte united the combined experience of fifteen Deloitte Legal and Deloitte Tax teams across its European member firms. The project ran in two phases: the first implementing cross-border mergers to convert fourteen European sales subsidiaries into branches of the UK HQ company; the second applying the same approach for the European logistics operations and utilizing simultaneous demerger/mergers for two manufacturing and sales operations.

This collective effort placed the company’s European HQ at the heart of a leaner, more agile and more focused European sales business.



## Why Deloitte Legal?

A collaborative, anticipatory approach streamlines processes, increases accountability, and identifies ancillary business enhancement opportunities.

### A holistic methodology

An integrated, cross-disciplinary process helps businesses to identify and address tax, legal, commercial, and operational issues as well as streamline compliance requirements

### Enhanced efficiencies

Uniting experience with technology across disciplines and borders, Deloitte helps enable businesses to manage cost and complexity at both global and local levels

### “Fit for purpose” implementation

Legal support complements the tax advice through coordinated processes and common methodologies

### Post-implementation control

Continued monitoring and local engagement facilitates detection and management of consequential issues and inconsistencies which might emerge

## Who can tell me more?



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