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Intellectual Property: Protecting and realising the value of intangible assets

Investments in R&D, brands, copyrights and the like have always played an important role in the economy. With the rise of the information age, they have however taken a new and broader significance and are at the forefront of today's economic development. As a result, investments in intangible assets are rapidly growing and in some segments dwarf investments in tangible assets. Managing this asset base effectively is therefore of paramount importance.

Recognizing this evolution, Deloitte Luxembourg has assembled a team dedicated to the structuring, acquisition, divestment, valuation and overall management of intellectual property and other intangible assets. This team provides tax, accounting and corporate finance advisory services to clients around intangible assets thereby offering a well-rounded solution to what is often a multi-faceted and complex situation.

Over the year, this comprehensive approach has been put at the disposal of major international clients across a wide range of different sectors and jurisdictions.

For example, we recently assisted a large multinational corporation with the restructuring of its intellectual property assets on a European level. The group had significant IP spread across several affiliates and no overall coordinated strategy on how to maximize its value.

After a full inventory, and following Deloitte's recommendations, the group decided to centralize all IP related assets into a new Luxembourg based operating entity. This was done in an efficient manner both from a direct and indirect tax perspective. This intragroup reorganization required relocation of European functions and highly qualified employees to Luxembourg to take over the control, protection and development of existing and future intellectual property rights of the group. Other entities within the group which relied on the IP for their own operations, entered into commercial relationships with the Luxembourg entity through right of use agreements. In order to ensure these intra-group arrangements were set at arm's length, Deloitte tax specialists were involved in the transfer pricing analysis through drafting of extensive documentation in line with international standards.

This centralization was also the opportunity to regain full ownership of some trademarks

which were partially owned by third parties and rationalise day to day operating costs related to these assets. In that context, the group was able to obtain third party financing to support the acquisition of IP thereby providing liquidity and funding for future developments.

Finally, thanks to the implementation of proper protection, the group decided to sub-license its technology to third parties, thereby increasing the value of all IP related assets.

As part of this exercise, Deloitte Luxembourg also assisted the group in assessing the fair value of all assets transferred, and was instrumental in negotiating the acquisition terms on assets that were not fully owned by the group.

By combining tax, corporate finance and accounting skills within the same team, Deloitte ensured that the objectives of the clients were met in a comprehensive and time efficient manner.

Deloitte provides audit, consulting, financial advisory, risk management, tax and related services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries and territories, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte's more than 210,000 professionals are committed to becoming the standard of excellence.

In Luxembourg, Deloitte counts more than 1,700 employees and around 90 partners. For over 60 years, Deloitte has delivered high added-value services to national and international clients.

Deloitte Luxembourg Valuation Centre has a 15-year track record in valuing a wide range of illiquid or hard to value assets, including intangible assets,

such as intellectual property rights. Our involvement can range from limited valuation review to publicly disclosed fairness opinion. We have rendered these services in many different circumstances including financial reporting, mergers & acquisitions or disposals, taxation planning and compliance, bankruptcy and restructuring, litigation and dispute resolution, succession issues and strategic planning.

