



M&A tax considerations across a range of transactions

Sell-side and reorganizations



In the case of a divestiture or reorganization, addressing taxes early in the transaction process may allow for strategic and administrative advantages that can help enhance after-tax cash proceeds, mitigate tax risks, and reduce disruptions to other workstreams throughout the deal. Below is a sample of high-level questions that dealmakers should consider:

1

How can tax structuring enhance deal value?

- The structure of a sale (stock versus asset sale) may impact after-tax proceeds.
- The allocation of purchase price across assets can enhance tax outcomes for Seller and Buyer.
- Structuring for capital gains treatment can reduce tax liabilities for Sellers.
- Structuring alternatives could make the deal more attractive to Buyers, potentially increasing offers.

2

Has can the value and realizability of tax attributes be assessed?

- Net operating losses, credits, and deductions can add value, but must meet transferability rules and may be limited on use following an ownership change.
- Certain tax attributes may only be realizable if the Buyer has sufficient taxable income.
- Buyers may adjust bids based on expected future tax benefits from tax carryforwards.
- Alternatively, Sellers may be able to utilize attributes to offset taxable gains on the transaction, which may give rise to efficient structuring alternatives.

3

Why should tax issues be identified early?

- Identifying tax exposures in advance can help mitigate unexpected purchase price adjustments and last-minute deal disruptions.
- Early Seller-side diligence may help address control over disclosures and risk mitigation which could impact tax escrow or other post-acquisition tax obligations to a Buyer.
- Identification of tax risks before a Buyer begins their due diligence procedures may allow Sellers sufficient time to take action (e.g. amended return filings, voluntary disclosure agreements, etc.) to mitigate potential exposures.
- Key tax risks (e.g., audits, transfer pricing issues) can impact valuation and deal terms.

4

What tax-specific value drivers should be addressed early in the process?

- The sales structure can impact the availability of tax attributes and what potential tax liabilities may carry over in the transaction.
- Tax treatment of transaction costs (e.g., legal, advisory fees) can impact net proceeds.
- Indirect tax considerations (e.g., sales tax, value-added tax) should be assessed early.
- Cross-border tax implications can create unexpected compliance risks.
- Tax matters in transition services agreements, if applicable, should be considered.

5

What should a Seller be prepared to provide to potential bidders related to tax matters to streamline the sale process?

- Understand the need for a tax factbook versus a vendor tax due diligence report and whether carve-out financial statements are needed.
- A summary of Seller-preferred exit structure can streamline negotiations.
- Seller model or calculator outlining tax benefits related to proposed transaction structure could increase sales proceeds for the value of such tax benefits.
- Compiling tax return data, audits, and financials upfront can accelerate tax due diligence.
- High-quality data can allow bidders to focus their tax diligence process on key areas specific to their needs.
- Identifying potential tax red flags in advance can mitigate such tax risks and can have an impact on other workstreams (e.g., quality of earnings, purchase agreement, structuring).



Let's talk

Ryan Stecz

US M&A Tax Partner

Deloitte Tax LLP

Mobile: +1 312 391 9915

Email: rstecz@deloitte.com

Jim Watson

US M&A Tax Leader

Deloitte Tax LLP

Mobile: +1 862 251 0333

Email: jamwatson@deloitte.com

About Deloitte

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte Tax LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2025 Deloitte Development LLC. All rights reserved.