

Deals done right: M&A tax

4 key moments when your client's tax position is at risk — and how you can protect value

Not every deal goes smoothly. Tax issues can derail negotiations, reduce valuation, or create costly post-close liabilities. This checklist can help you spot the moments in the M&A process when your clients may need specialty tax expertise.

1. Pre-deal planning

Scenario: Client is preparing for a transaction or evaluating exit readiness.

Tax Issues: Missed entity planning, state nexus risks, or overlooked incentives.

Why It Matters: Getting ahead of exposures and opportunities can maximize value before diligence begins.

Ask Yourself:

- Has your client assessed whether their entity structure is tax-efficient for a sale?
- Are they operating in multiple states or internationally?
- Could credits or incentives improve their valuation?

Specialty Tax Fit: SALT; Tax Credits & Incentives

2. Deal structuring

Scenario: Client is negotiating deal terms.

Tax Issues: Stock vs. asset sale, purchase price allocations, and related-party transactions.

Why It Matters: The wrong structure can create lasting tax consequences for buyers and sellers.

Ask Yourself:

- Has your client compared tax implications of different structures?
- How will purchase price be allocated for tax purposes?
- Could IRS or state scrutiny challenge the structure?

Specialty Tax Fit: SALT; Transfer Pricing; Tax Controversy

3. Due diligence

Scenario: Client is undergoing diligence for a merger, acquisition, or divestiture.

Tax Issues: Unresolved liabilities, compliance gaps, or unsubstantiated tax positions.

Why It Matters: Tax exposures identified in diligence can delay closing or reduce purchase price.

Ask Yourself:

- Have you reviewed the company's state tax footprint for potential income/franchise, gross receipts and sales/use tax exposure?
- Have you considered any clawback provisions on existing credit and incentives agreements and whether you can transfer such credits and incentives to the purchaser?
- Could legacy transfer pricing arrangements withstand IRS or international review?

Specialty Tax Fit: SALT; Tax Credits & Incentives; Transfer Pricing; Tax Controversy

4. Post-deal integration

Scenario: Client is aligning operations after close.

Tax Issues: Missed elections, compliance obligations, or lost credits.

Why It Matters: Overlooking integration tax steps can erase deal value.

Ask Yourself:

- Has your client evaluated post-close tax elections (e.g., §338(h)(10))?
- Do they have new filing or reporting requirements after the deal?
- Are there opportunities to preserve or capture credits and incentives?
- Is there a plan for large capital expenditures or expansion of labor force that may qualify for a post-transaction state or local credit or incentive?

Specialty Tax Fit: SALT; Tax Credits & Incentives; Transfer Pricing; Tax Controversy

Use this checklist to help guide your client conversations. If you identify any of these scenarios, Kaufman Rossin's specialty tax team can help you protect client value and strengthen your role as their trusted advisor.