



Deal Advisory, Mergers & Acquisitions Tax

Tax

India has witnessed steady momentum in terms of deal activity as domestic and international investors and business houses continue to stay upbeat on the growth prospects of the Indian economy. The government's reform agenda, lowering of tax rates and relaxations in foreign direct investments have strengthened the business as well as economic conditions.

The tax and regulatory environment impacting any M&A is changing rapidly. As a result, for any M&A and PE transaction, it is important to define structures, which are efficient and do not result in any potential fallout with tax and regulatory authorities. This often requires pre-empting the situation, carefully examining the tax positions, undertaking cost-benefit analysis and taking an informed decision to avoid any future surprises.

KPMG in India service offerings

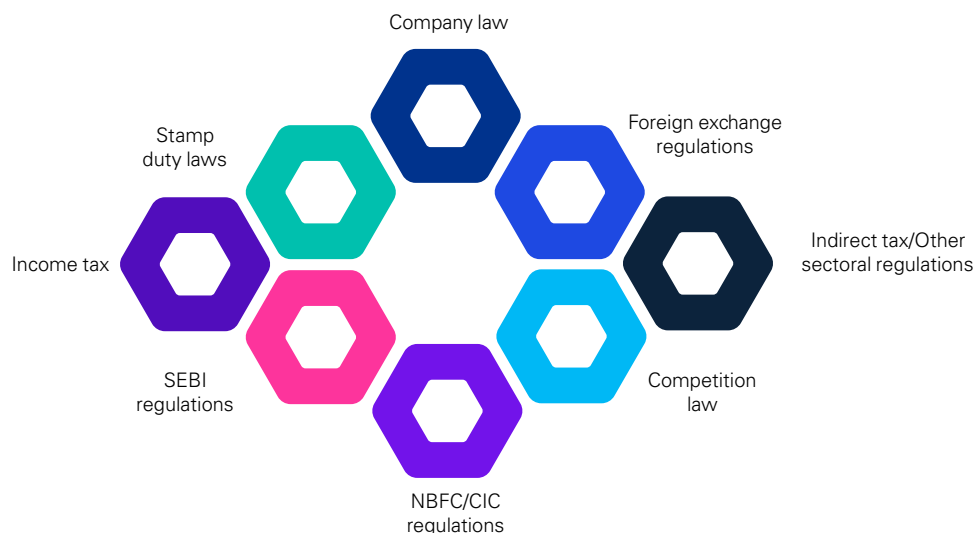
Every M&A and PE transaction needs to deal with various tax and regulatory aspects. Understanding and devising a strategy can mitigate transaction risks and costs, and ensure it to be compliant from a regulatory perspective.

KPMG in India's Deal Advisory, M&A Tax practice works closely with clients to help identify tax and regulatory issues in the transaction and provides approach that meets the desired commercial objectives.

Our offering encompasses a broad range of tax and regulatory services including:

- Acquisition/divestment structuring - Consultation to determine and shape the immediate and long-term tax impact of the client's acquisitions/divestments. Advising on acquisitions through leveraged/management buyouts.
- Tax due diligence and health check-ups - Apprise clients of the potential risks and benefits associated with a specific transaction
- Transaction advisory - Providing negotiation support and offer structuring and documentation review for private equity, strategic or financial deals
- Corporate and internal restructuring - Providing tax and regulatory efficient solutions for internal restructuring, promoter holding restructuring, corporate restructuring exercises, which can be in the form of merger, demerger, sale of business/assets/shares, capital reduction, buyback, right issue, family arrangement, succession planning, etc.
- Assistance with implementation of transaction and post deal advisory and support
- Private equity - Advising on fund structuring and operating protocols, assisting in setting up the fund structure and providing assistance in ongoing compliances.
- Family office - Working with family and promoter driven businesses and helping in the areas of succession, next generation handover, governance, growth, exit strategies and wealth preservation.

Key regulations affecting M&A in India



Our Deal Advisory, M&A Tax practice – From ideation to implementation...

Conceptualisation

- Identify detailed objectives
- Gain an understanding of the long-term approach
- Ideate alternative structures based on desired business objectives
- Review business plans from a tax and regulatory perspective

Management discussions

- Gain an understanding of commercial objectives
- Provide an information based approach
- Conduct a SWOT analysis
- Pre-deal evaluation

Devising structure options

- Devise tax efficient structures in line with desired operating and financial controls
- Analyse industry trends and evaluate feasibility of options
- Review structures from tax and regulatory perspective

Evaluation/Due diligence

- Provide a global approach to help uncover tax risks and identify an approach to existing exposures
- Review tax representations, indemnity and warranty clauses in the contracts

Regulatory approval

- Process and obtain regulatory approvals for establishing or consummating the transaction structure

Execution

- Transaction implementation
- Contract assistance
- Negotiation support in completion phases
- Thorough project management
- Handholding through the entire implementation cycle
- Review tax representations, indemnity and warranty clauses in the contracts

Integration

- Foster smooth integration of tax records, utilisation of accumulated tax credits, losses and fiscal incentives

Post deal support

- Facilitate completion of all regulatory formalities
- Accounting the transactions in the books
- Post closure discussions with management and its advisors

Why KPMG in India

KPMG in India's Deal Advisory, M&A tax practice helps companies avoid fiscal pitfalls and unpleasant, post-transaction surprises. In addition to identifying potential tax costs/risks and proposing actions or methodologies to minimise negative effects on deal value, we also try to identify potential tax saving opportunities to help enhance the deal value and propose actions or methodologies to capture those opportunities. KPMG in India team is commercially-minded, deal-hardened professionals help clients identify and manage material tax exposures, look beyond the immediate impact, and design deal structures that enhance post-tax returns. We work closely with companies to identify tax and regulatory issues in their transactions and provide tools that can meet desired commercial objectives.

KPMG has "One M&A" service offering that brings together a comprehensive portfolio of deal related services across corporate finance, transaction services, deal strategy, valuations, special situations group, transaction tax and structuring and post deal services. M&A tax vertical works in sync with the other deal advisory service lines under one roof to ensure seamless completion of the transaction. Tax can have

a significant impact on M&A deal, and hence it is essential to identify and address tax-related risks at an early stage. We recognise this fact and have worked towards meeting clients' expectations through:

- Professionals with relevant industry experience, from diverse backgrounds such as legal, accounting, ex-regulators, industry experts
- Our PE team is led by professionals who exclusively focus on PE firms in structuring funds/investments/exit funds
- Combining our global focus and experience in international business with intimate local knowledge
- Working as a single practice to help provide efficient service.
- Vast experience of working with several Indian and multinational business houses on devising structures and implementation for transactions and internal restructuring
- Regular flash news, knowledge sharing calls and webinars on tax and regulatory matters
- Strict confidentiality of information

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