

Transaction Tax

Strategic tax advisory during the Deal,
Capital and Organisational life cycle



About Transaction Tax

We thrive to facilitate efficiencies by understanding your business, anticipating your needs and coming up with robust tax solutions that help you achieve business objectives in an efficient and compliant manner.

Your challenges



Are you looking to do a **transaction** – an acquisition, a disposal, a merger, a spin-off, capital reduction, share buy-back or any other form of deal, organisational or capital structuring/restructuring?



Are you looking to bid with a Resolution Plan to acquire distress asset covered under Insolvency & Bankruptcy Code, 2016 [IBC]?



Do you want to **restructure your diversified businesses to build focus** and/or dispose the non-core?



Do you want to **restructure to capture or realise the value** of business?



Do you want to **restructure to raise money** or enter into a **Joint Venture/tie-up**?



Are you looking for **surplus cash extraction/repatriation**?



Are you looking to **rationalize multi-layered structure/ cross holdings**?



Do you have a robust tax structure that achieves **optimal group level Effective Tax Rate**?



Do you have a suitable tax structure to efficiently achieve your stated business objectives?



Are you envisaging a cross-border M&A?



Are you looking for Voluntary Liquidation/Strike-Off under IBC/Companies Act 2013 respectively?

How we can help you

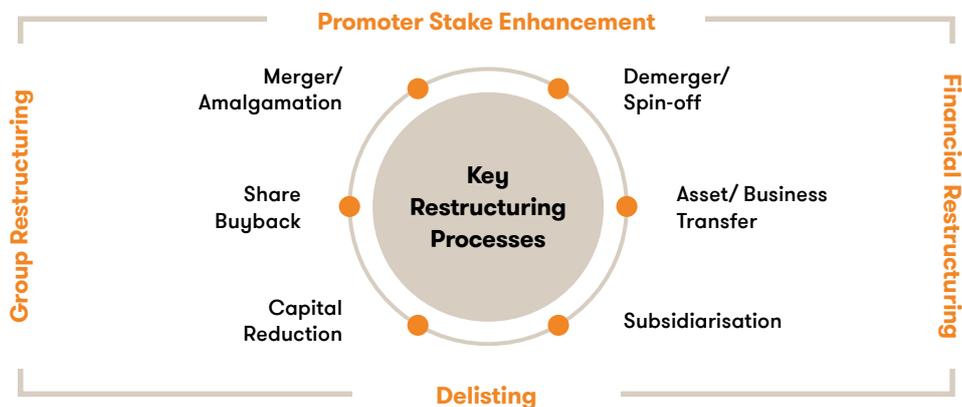
With deep technical skills and practical transactional experience, our professionals in Transaction Tax will support you in achieving your goals in today's rapidly changing environment.



Corporate reorganisation

Each restructuring scenario calls for a tax and regulatory evaluation. We offer a broad range of services - customised to your individual situation - to help you achieve your strategic/commercial goals by:

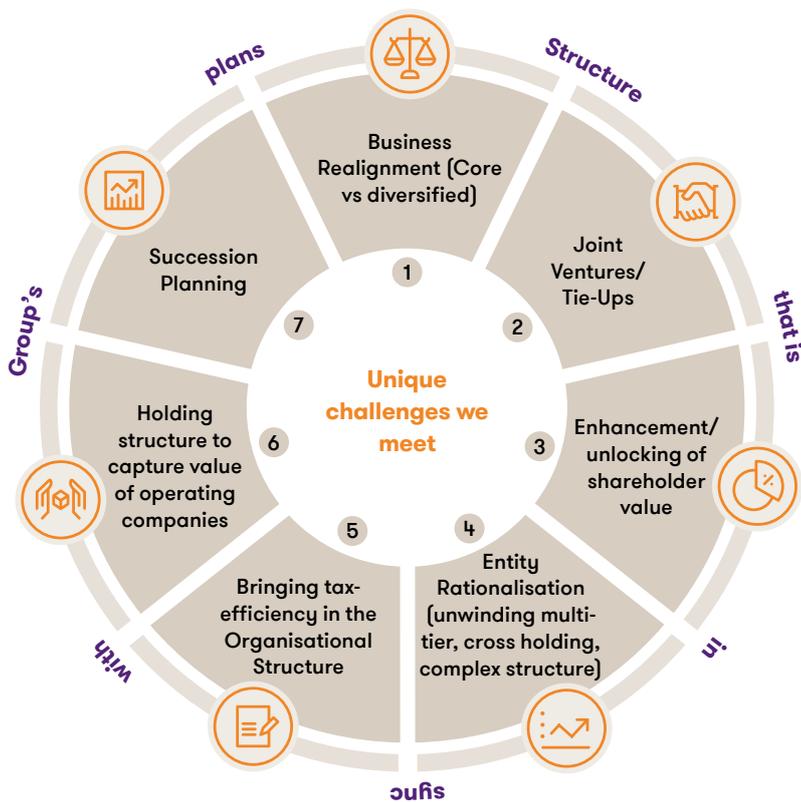
- evaluating alternative(s),
- putting together the most effective structuring/restructuring plan,
- laying out an efficient roadmap of implementation; and
- comprehensively project-managing the implementation.



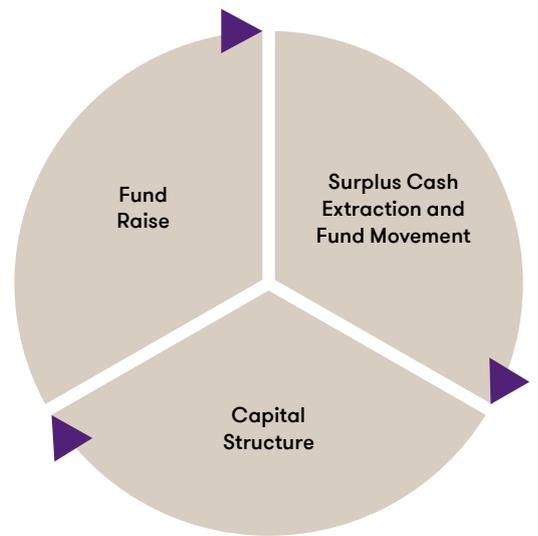
Our team of seasoned Transaction Tax professionals bring extensive knowledge and experience in:

- Various forms of Group Restructuring to achieve diverse objectives.
- Tax advisory specifically relevant for promoters dealing with different sets of dynamics such as shareholders analysis, Capital Markets regulations, exchange control (as applicable), duly balancing them with the funding arrangements, income tax and stamp duty impact.
- Providing solutions for a tax efficient and regulatory compliant movement of funds within Group and/or between Countries and/or extracting surplus cash.
- Providing pre-IPO tax advisory for Indian/overseas listing.

Group Restructuring & Promoter Stake Enhancement



Financial Restructuring



Deal Tax Advisory

(Buy-side/Sell-side transactions)

Assessing the historical, current and potential tax risks of a target business is paramount for determining the real value of a transaction. In many cases, tax aspects can make a difference to avoid pitfalls and seize opportunities. This however requires careful planning and expertise throughout the deal interregnum beginning from a tax efficient structuring to an efficient post deal integration. Grant Thornton's Transaction Tax professionals follow an integrated approach to provide its clients with a spectrum of tax advisory services for their transactions - whether a strategic investment or a private equity.

Pre-deal Advisory



High level option analysis



Key deal sensitivities and tax planning avenues

Due Diligence



Determination of downside tax risks



Assess Mitigation measures

Acquisition/Divestment Structuring



Determine robust tax structure for acquisition or divestment



Firm up the mode of acquisition/sale, investment and funding strategy

Negotiation Advisory/Deal Documentation review



Negotiate Protection Measures



Ensure negotiated tax terms are well documented

Post Deal Integration



Support the Business Integration plan



Minimise post deal integration costs

Recovery & Reorganisations – How Transaction Tax can help

With the aim to facilitate Lenders making an effective and timely recovery of their stressed assets, the Government consolidated multiple legislations dealing with Insolvency in a single Code – viz., Insolvency & Bankruptcy Code, 2016 (“IBC”).

While the IBC offers immense M&A opportunities for creditors and strategic buyers/Financial Investors to transact in Indian stressed assets, being a nascent law, such IBC transactions require more careful planning and expertise on account of the following reasons:



Constant evolution of the IBC and its associated regulations, which fundamentally requires any Resolution Plan to be in compliance with the Indian laws



Lack of protection on the historic risks (since the decision-makers in case of IBC are the Creditors, and not the Equity holders)



Impact of one-time transaction costs (viz., income tax, stamp duty, GST, etc.) which may be sizable, if not appropriately mitigated



Importance to simplicity and time-efficiency of the Resolution Plan which carries material weightage in the bid-evaluation process



The Transaction Tax Team at Grant Thornton is equipped both with expertise as well as experience to support the parties - either on the Buy-side [viz., the Prospective Bidders/ Resolution Applicants (RA)] or the Sell-side [viz., Insolvency Resolution Professional (IRP)/ Committee of Creditors (CoC)].

Expertise	Key Focus	
	IRP/CoC -related Support	Bidder-related Support
Tax Due-Diligence/Health-check	<ul style="list-style-type: none"> • Tax Health-check review upon IRP coming on board to identify key historic tax risks and determine avenues (as feasible) for plugging these risks Identifying hidden values (if any) • Provide tax inputs for IRP’s Information Memorandum • Support in building the tax data-room 	<ul style="list-style-type: none"> • Determine and provide our point of view on key tax down-sides • Key Negotiation matters • Identify hidden values (if any)
Transaction Structuring	<ul style="list-style-type: none"> • Support in the Bid-Evaluation from a tax and regulatory perspective, in co-ordination with the Finance and Legal teams • Impact analysis of the Resolution Plan, along with Financial and Legal teams, keeping in perspective key transaction costs [Income tax (including MAT), GST and Stamp Duty] and other applicable regulatory framework [Exchange Control, Securities Law and Accounting] 	<ul style="list-style-type: none"> • Understand the key transaction dynamics (Diligence findings, Valuations, Arrangements in the event of joint bids/ Consortium, etc.) and Process documents (IRP’s Information Memorandum, IRP’s Evaluation Criterion, etc.), and determine suitable transaction structure for the Resolution Plan • Impact analysis keeping in perspective key transaction costs [Income tax (including MAT), GST and Stamp Duty] and other applicable regulatory framework [Exchange Control, Securities Law and Accounting]
Other Pre-Bid Support	<ul style="list-style-type: none"> • Support in addressing the tax queries raised by Bidder/their advisors in co-ordination with IRP/ Target personnel 	<ul style="list-style-type: none"> • Inputs on Resolution Plan with respect to: <ul style="list-style-type: none"> – Transaction Structure Key Conditions Precedent (CPs), – Key RA Assumptions, – Release & Waivers, etc.
Post Bid Submission Support	<ul style="list-style-type: none"> • Bid Evaluation as mentioned above • Participation in CoC meetings • Tax inputs on key CoC negotiations, as applicable • Review of Lol/NCLT Scheme • Wind-up Support, if applicable 	<ul style="list-style-type: none"> • Participation in CoC meetings • Support during CoC Negotiations/revise Bid submission (if applicable) • Review of Lol/NCLT Scheme • Tax support (compliances, filings, etc.) post NCLT Approval

Private Equity (PE) and Venture Capital (VC) Advisory

PE, VC and Family Offices work on a different set of considerations where for the success of their transaction:

- They have to assess risks and move quickly on the identified opportunities;
- Make good on their commitment to maximise the deal ROI for all their stakeholders under uncertain economic conditions.

Our PE/VC offerings comprise of:

Transaction Strategy

Conceptualising suitable Acquisition and Exit tax structures under different considerations (LBO, MBO, stake sale, etc.) that focuses on minimising risks and capturing value

Consideration payment analysis, including Earn-out Structures and its associated tax and regulatory aspects

Comprehensive due diligence in collaboration with our Transaction Advisory Team

Negotiation advisory and Documentation review

Tax Value Assessment post Acquisition

Portfolio companies analysis that helps optimise shareholders value on Exit:

1. Identify and minimise tax inefficiencies
 2. Investee restructuring for shareholder value enhancement/unlocking
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Acquisition/Divestment by investee



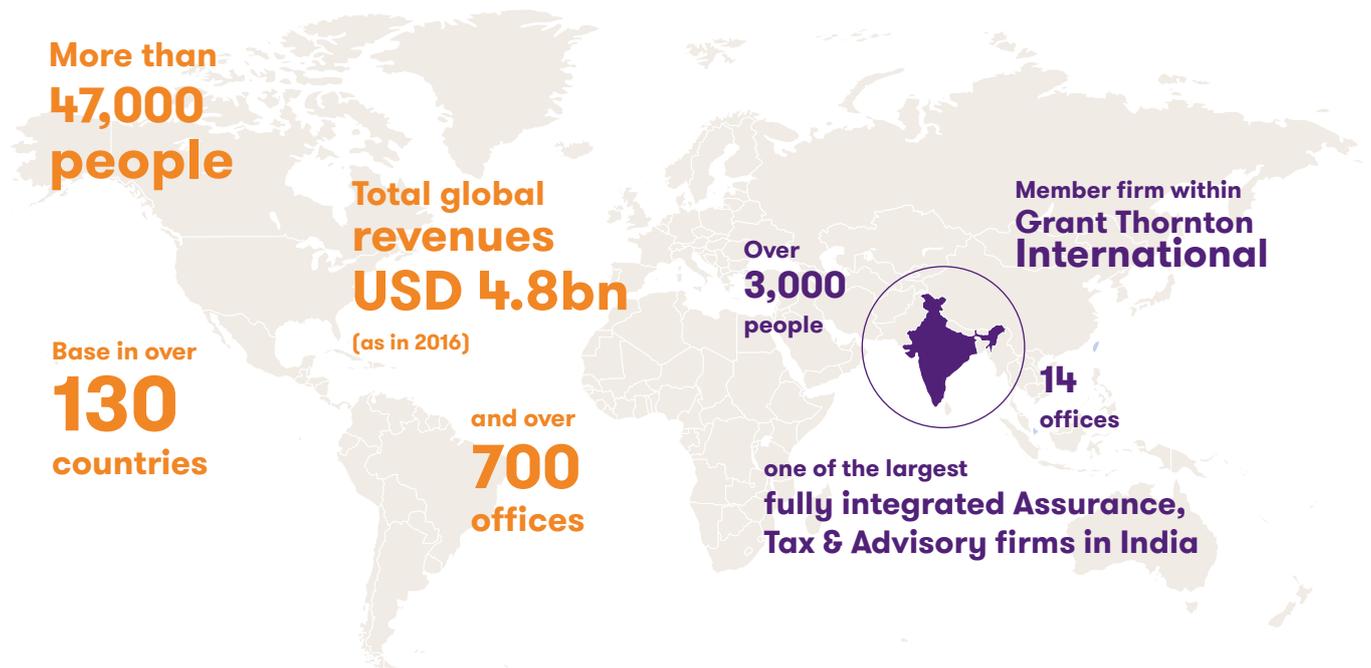
Our Approach

Whatever is the nature of your transaction – an acquisition, a merger, a joint venture, divestment, structuring or restructuring, fund raise or delisting – your tax and regulatory obligations must be carefully determined with your resultant impact and cash flows duly optimized. This can be achieved only through careful planning and effective implementation. Grant Thornton combines its international reach, depth and expertise to provide a value-based delivery on each transaction by keeping a right balance of functional, regional and industry expertise.

Integrated Approach for an End-to-end Project Management

Continuing dialogue			
Understanding transaction facts and commercials	Ideation of options	Impact analysis/Transaction costs	Smooth implementation
Clear understanding on organisation structure, transaction's facts and management objectives	Read documents, industry-specific regulations, tax status, litigation status and key financials	Examining alternative transaction structure from a tax and regulatory perspective (legislations listed earlier);	Have detailed step plan for implimentation;
Getting a thorough understanding of the strategic plan and company's overall risk appetite	Check existing tax incentives/ holidays and its continuity conditions	Pros and cons analysis for Transaction costs, key tax, regulatory and commercial considerations; time frame involved and ease of implementation	Impeccable project management
	Brainstorming and examining options	Detailed discussion to facilitate management in making the selection	Co-ordination with external agencies and relevant regulators to facilitate smooth implementation
			Ensuring adequate documentation to protect the tax assets (existing and potential)
			Thorough monitoring to ensure adherence to the time frames

About Grant Thornton



6 compelling reasons to consider Grant Thornton



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