



# **M&A TAX AND REGULATORY**

## **AN OVERVIEW**

BDO IN INDIA  
2023

India is one of the most promising investment destinations worldwide. With growing opportunities and associated challenges, businesses are pacing to keep up with a rapidly growing economy that is opening up to international players. Doing business in India is rapidly undergoing a significant change driven by innovation, giving rise to new business avenues and disrupting stable markets. There is a paradigm shift in the perception of investors towards India which resonates with the changing demands of India Inc. This transformation has made the transactions and M&A space volatile, competitive and far more challenging.

Each transaction and M&A activity needs to be structured appropriately keeping the ever-evolving tax and regulatory considerations in mind.

At BDO India, each mandate involves interactions with partners, who have extensive experience in working on similar assignments. We offer organisations end-to-end advice and support through each transaction, ensuring effective execution at every stage.

### CORPORATE STRUCTURING

Organisations often undertake corporate structuring for varied reasons such as M&A, fundraising, realigning the group/ business structure, optimising tax structure, etc. We help organisations with:

- ▶ Conceptualising and advising on internal group restructuring including by way of mergers/ demergers/ hive-offs/ capital reduction/ buy-back/ minority exits, etc.
- ▶ End-to-end assistance in implementing the desired structure from a tax and regulatory perspective (corporate law, foreign exchange regulations, securities law, etc.)
- ▶ Assistance in obtaining regulatory approvals
- ▶ Post-transaction compliances and filings
- ▶ Incorporation of a legal entity and obtaining registrations
- ▶ Liquidation/ closure of an entity

### CROSS BORDER TRANSACTIONS

Cross-border transactions need to take into consideration several regulatory requirements as well as taxation requirements. Leveraging our global presence and expertise, we advise and assist organisations on various cross-border transactions. We help organisations with:

- ▶ India entry advisory and assistance in setting up an entity
- ▶ Inbound/ Outbound investment structuring
- ▶ Funding options for cross-border investments/ acquisitions
- ▶ Compliance reporting obligations

### M&A DEAL ADVISORY AND SUPPORT

Every M&A transaction needs to be conducted efficiently without hitting any regulatory roadblock and optimising associated costs such as tax, stamp duty, etc. At BDO India, we advise clients on their M&A transactions and support them till the transaction culminates, ensuring that the advice is effectively implemented. We support organisations with:

#### For M&A transactions

- ▶ Buy-side/ Sell-side transaction structuring advice from a tax and regulatory perspective
- ▶ Review of transaction documents
- ▶ Assistance in discussions on tax indemnities, deferred payment consideration, representation and warranties, issuing tax opinions, etc.
- ▶ Tax due diligence services (acquisition and vendor)
- ▶ Secretarial due diligence
- ▶ Post-deal transaction advisory to simplify investee entity's structure - realignment of businesses and entities

#### For Stressed M&A transactions

- ▶ Structuring of stressed assets acquisitions/acquisitions
- ▶ Structuring of stressed assets acquisitions/ acquisitions under Corporate Resolution Insolvency or Liquidation process
- ▶ Assistance for Resolution Plan/ Scheme of Arrangement
- ▶ Advising the Committee of Creditors/ Resolution Professional on tax and regulatory aspects of the Resolution Plan
- ▶ Health check of regulatory compliances from the perspective of the Companies Act, Securities and Exchange Board of India (SEBI), Income-tax Act and Foreign Exchange Management Act (FEMA)
- ▶ Liquidation implementation



### EXCHANGE CONTROL & REGULATORY SERVICES

With the rapidly evolving business dynamics, it is becoming increasingly important for corporates to ensure compliance with the exchange control requirements. Further, foreign investments in certain sectors/ situations require prior approval from regulators. At BDO India, we advise clients on the relevant regulatory requirements as well as assist them in obtaining necessary approvals and undertaking compliances. We support organisations with:

- ▶ Obtaining regulatory approvals and registrations for the formation of NBFC, AIFs, ARCs and HFCs from relevant regulatory authorities like RBI, SEBI, etc.
- ▶ Exchange control advisory and compliance assistance
- ▶ Corporate law advisory and compliance assistance
- ▶ Securities law advisory and compliance assistance
- ▶ Regulatory health check reviews and assistance on compounding processes to regularise non-compliances
- ▶ Entity setup including the corporatisation of entities

### EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

ESOP, as a business model, can be leveraged to achieve ownership transition and liquidity for shareholders while creating a benefits plan that aligns the incentives of the employees with that of the company. We assist companies in devising ESOPs or similar reward schemes through:

- ▶ Strategic Planning - Devising an appropriate Employee Incentive Plan or similar plans such as the phantom stock plan
- ▶ Implication overview for a company as well as employees (impact on EPS, books of accounts, reserves, tax, and disclosure requirements)
- ▶ Implementation assistance and statutory compliances

### PROMOTER RESTRUCTURING & SUCCESSION PLANNING

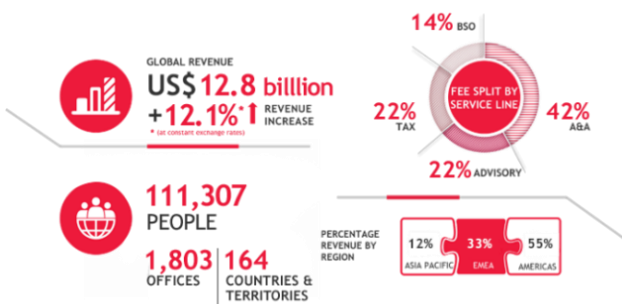
We collaborate closely with promoters and their family offices and function as their trusted advisors in restructuring the group as well as planning for the succession, keeping in mind the key objectives as well as tax and regulatory considerations. We help organisations with:

- ▶ Advisory and implementation of tax-effective succession planning for dissecting management from ownership while retaining reporting to stakeholders and devising tax-effective income pay-out mechanics for core family members/ beneficiaries
- ▶ Promoter shareholding realignment
- ▶ Tax effective consolidation of entities/ realignment of business through internal restructuring
- ▶ Pre-IPO restructuring



## ABOUT BDO GLOBAL

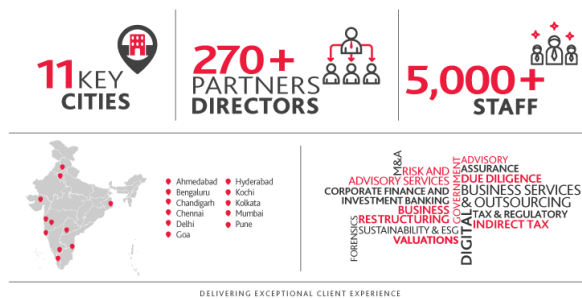
BDO is a leading professional services organisation and are global leaders of the mid-tier, with a presence in 160+ countries and over 111,300 people working out of more than 1,800 offices. We endeavor to deliver an exceptional client experience through a tailored solutions approach, while partnering with our employees and clients globally.



<sup>1</sup>Note: Financial results are as of 30 September 2022

## ABOUT BDO IN INDIA

BDO in India offers Assurance, Tax, Advisory, Business Services & Outsourcing and Digital Services for both domestic and international clients across industries. The team at BDO in India consists of over 5,000 professionals led by more than 270 partners and directors operating out of 16 offices, across 11 key cities.



## OUR SERVICES

### ASSURANCE

- Accounting Advisory Services
- Financial Statement Audit and Attestation Services

### ADVISORY

- Forensics
- Government Advisory
- IT Risk Advisory & Assurance
- Management Consulting
- Risk Advisory Services
- Sustainability & ESG
- Business Restructuring
- Corporate Finance and Investment Banking
- Deal Value Creation
- Financial Due Diligence
- M&A Tax and Regulatory
- Strategy & Commercial Due Diligence
- Valuations

### BDO DIGITAL

- Digital Services
- Technology Products and Solutions

### BUSINESS SERVICES & OUTSOURCING

- Global Outsourcing
- Finance and Accounting Outsourcing
- Human Resource Outsourcing
- Payroll Management and Compliance Services
- Secretarial Services and Compliance Management
- Shared Services Centre

### TAX

- Corporate Tax Services
- Financial Services Tax
- Global Employer Services
- International Tax Services
- Private Client Services
- Tax Outsourcing
- Transfer Pricing
- Customs & International Trade
- Goods & Services Tax (GST)
- Indirect Tax Assessment & Litigation Assistance
- Tax Technology



For any other queries or feedback, kindly write to us at [marketing@bdo.in](mailto:marketing@bdo.in)

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