

State of Tax, Legal & People

Deals -

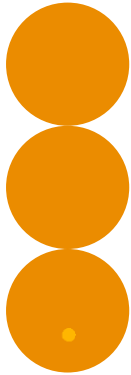
Indirect Tax essentials

26 September 2023

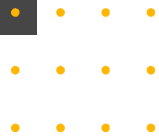


# Welcome

- If this webinar is watched live, you will be eligible for 1 PE point
- With the button '[Ask a question]' you can ask your questions directly
- For other questions, please contact your PwC consultant or fill in the form on [pwc.nl](https://www.pwc.nl)
- Webcast and presentation will be made available afterwards
- Evaluation form afterwards



# Agenda



1. Setting the scene
2. Sell-side VAT considerations
3. VAT relevant business and systems aspects of carve-outs
4. Recap
5. Buy-side VAT considerations
6. VAT relevant business and systems aspects of integrations
7. Closing

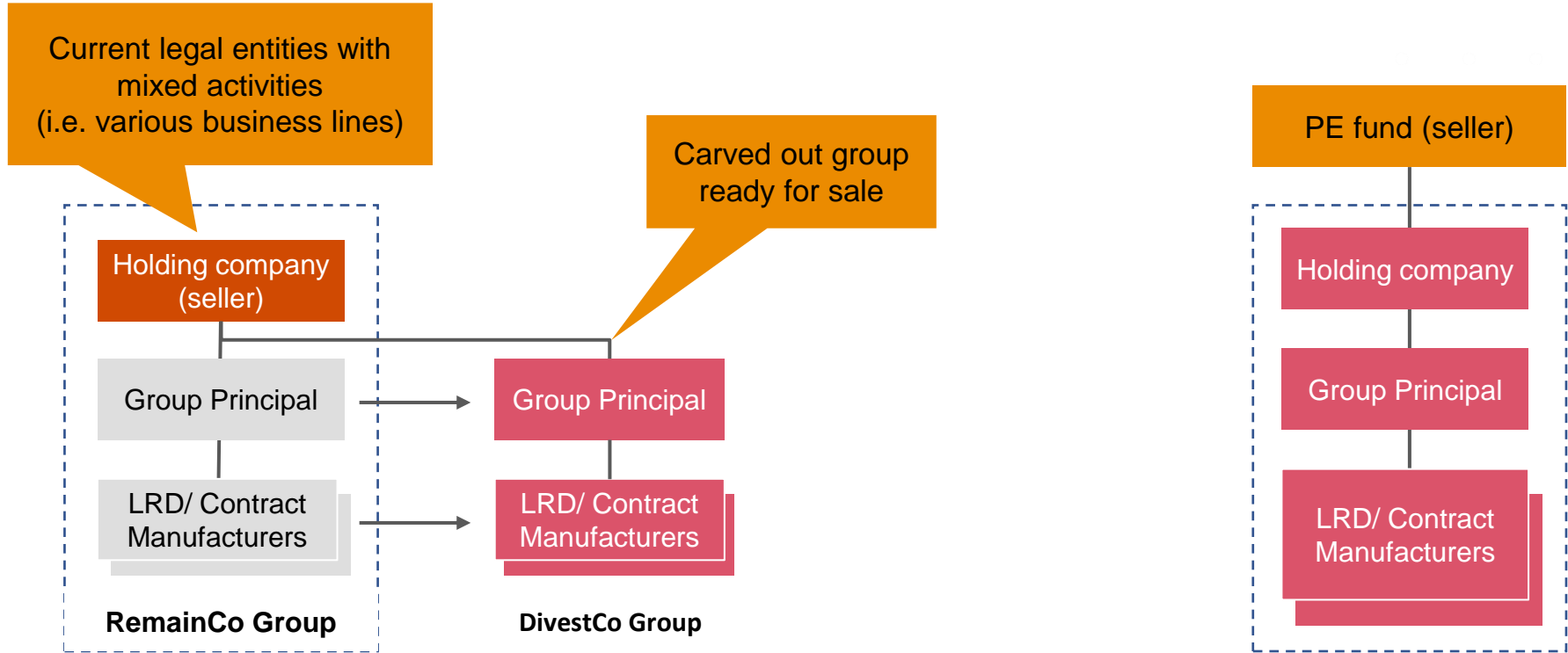


# 01

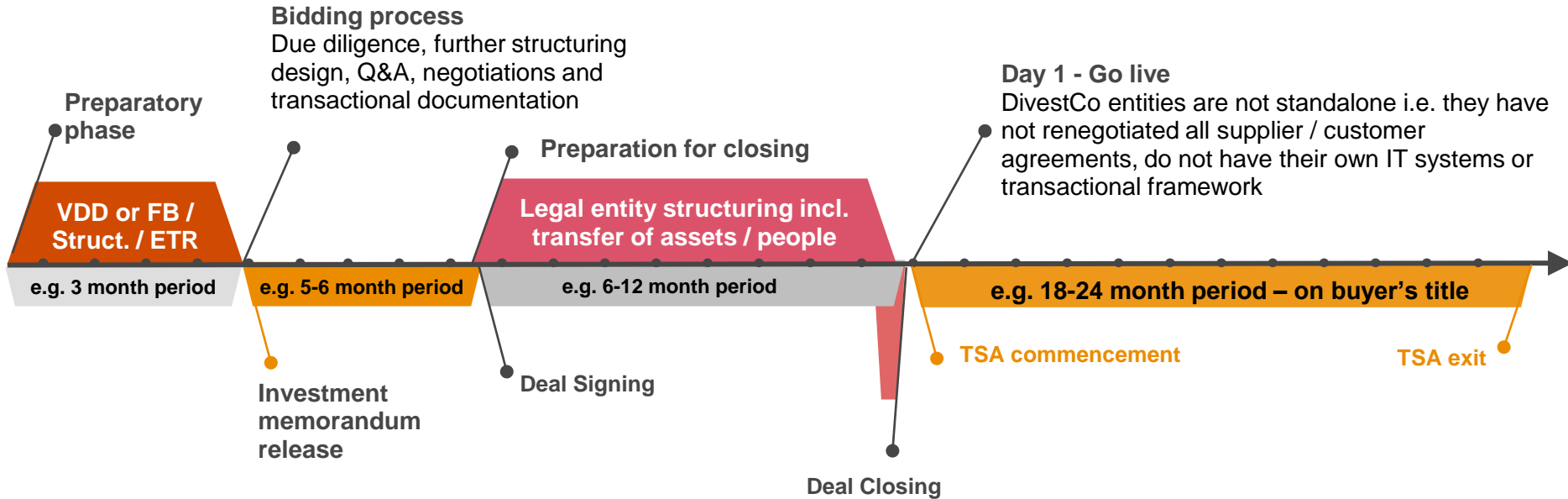
## Setting the scene



# Sell side



# Sell side





02

# Sell-side VAT considerations



# Sell-side VAT considerations

## Topics

- Exit readiness
- Transaction costs and VAT recovery
- Asset deal





# Poll

Do you feel you are sufficiently in control of the VAT position of your (portfolio) company that is to be sold?

1. Yes [I would not expect any material findings in a due diligence]
2. Don't know [VAT has not been on my radar lately]
3. No [I have not been able to spend sufficient time on VAT matters over the last few years]

# Sell-side VAT considerations

## Exit readiness assessment

- Identify VAT omissions
- Disclosure towards tax authorities
- Implement processes and procedures to stay 'in control' for VAT

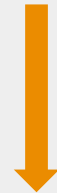
## Impact on purchase price



Increase of costs



Decrease of EBITDA



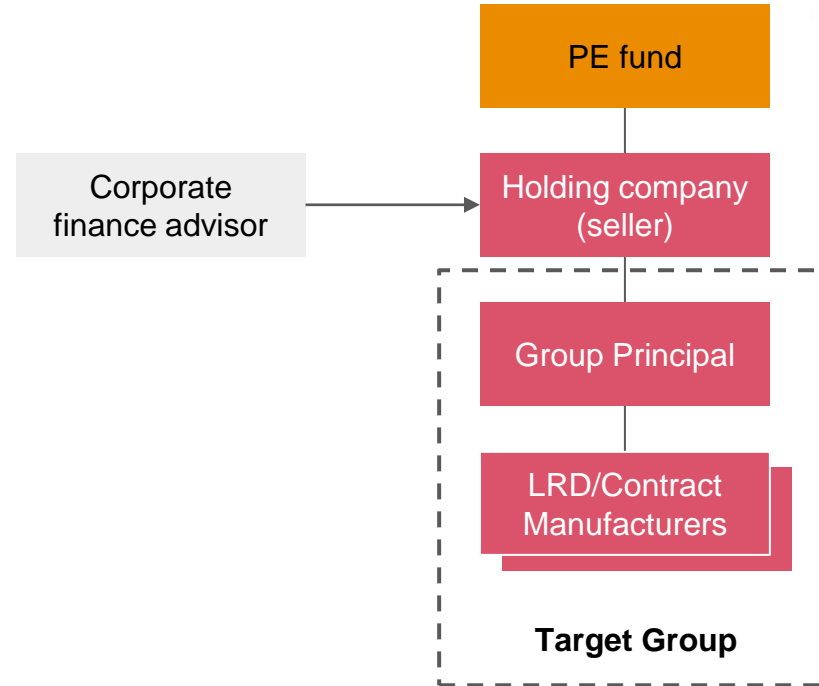
Decrease of purchase price (based on EBITDA multiplier)



# Sell-side VAT considerations

## VAT exemption?

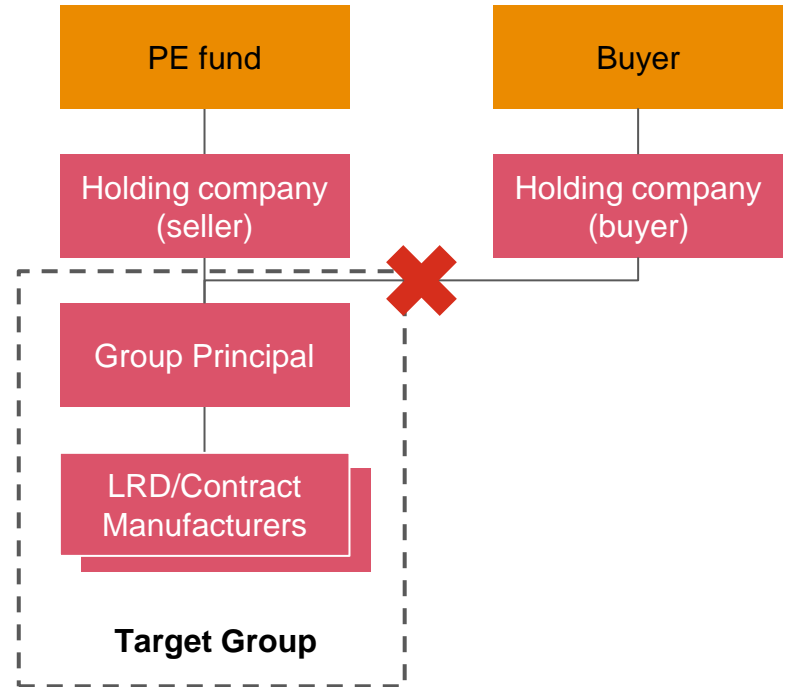
- Intermediary services in respect of a share deal



# Sell-side VAT considerations

## Recovery right in case of an aborted deal

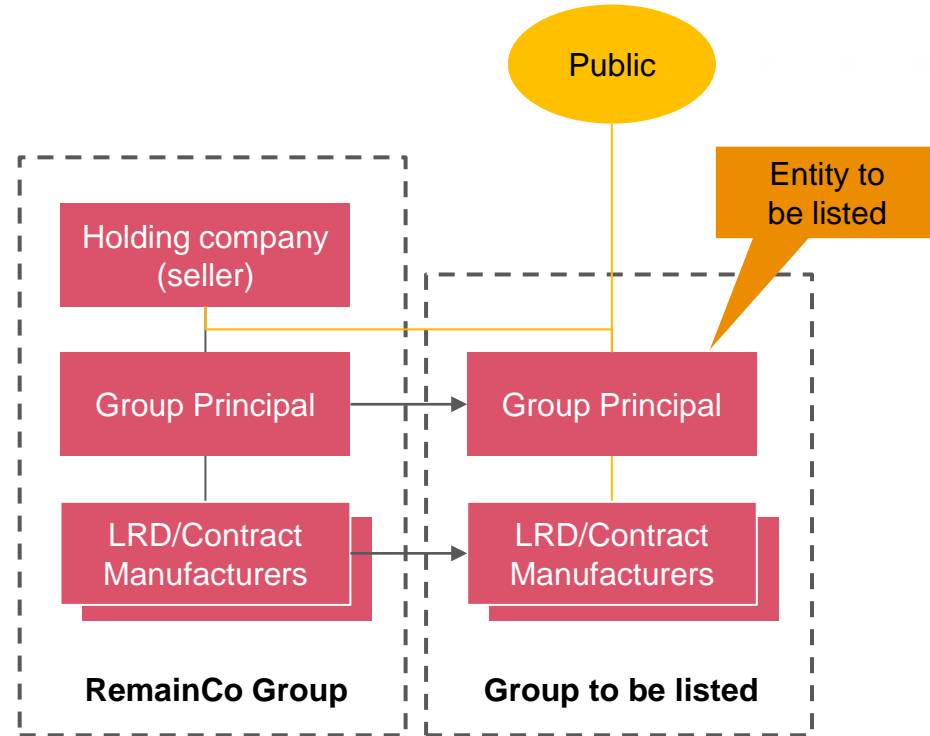
- Intended usage of respective services



# Sell-side VAT considerations

## VAT recovery right in case of an IPO

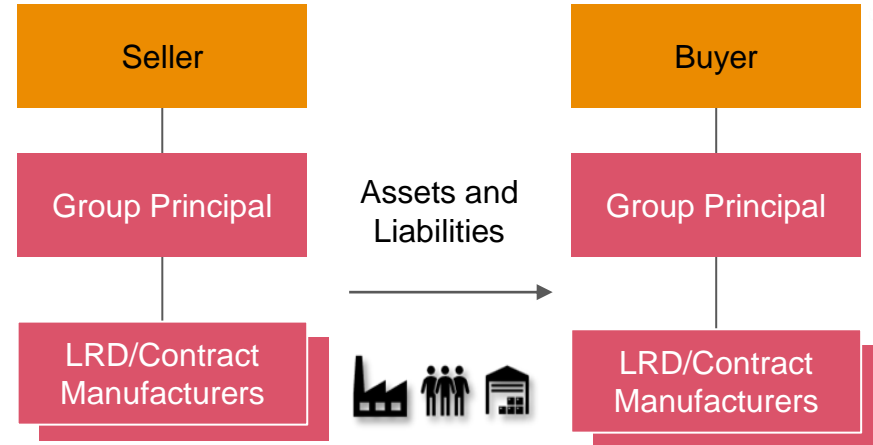
- Primary listing of shares newly issued by ListCo
- Secondary listing of shares sold by HoldCo
- VAT exemptions?



# Sell-side VAT considerations

## Asset deal

- Difference with share deal
- Transfer of going concern?
- Who bears the VAT risk
- Multiple territories



# 03

## VAT relevant business and systems aspects of carve-outs





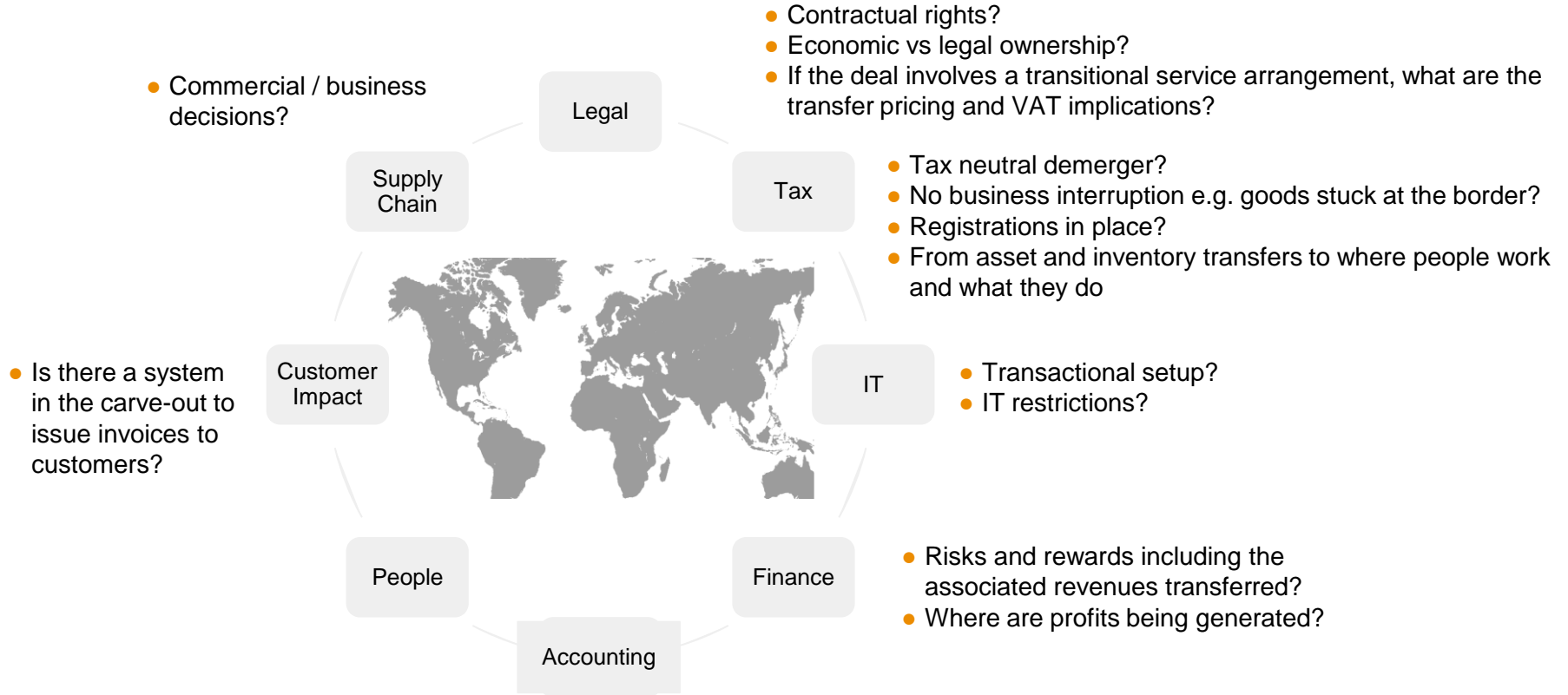
# Business considerations - seller

## Carve out

- Go forward operating & business model implications (day 1 model)
- (Indirect) tax function of the future
- Mitigating cash flow
- Check interdependencies with other tax and legal areas
- Develop a TSA Strategy
- Tackle stranded costs



# Business considerations - seller



# ERP systems considerations - seller

## Carve out

- Data separation
- System integration
- Authorizations
- Short term vs. long term strategy

## Clean exit

- System neutral?
- System integration
- Link with remaining IT landscape

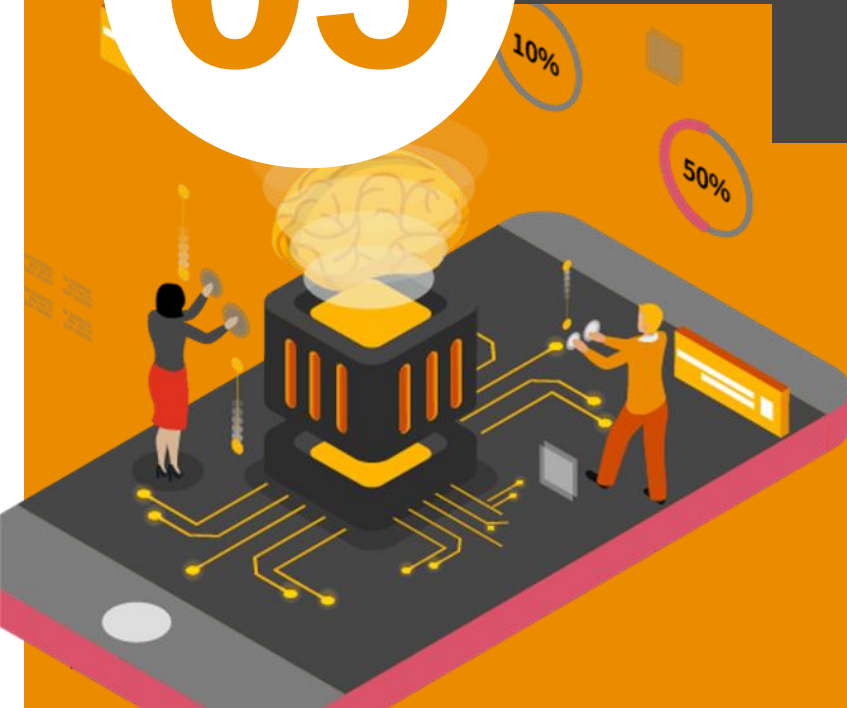
# 04

## Recap



05

# Buy-side VAT considerations



# Buy-side VAT considerations

## Topics

- Due diligence
- SPA
- Structuring
- Aborted deal
- Post deal



# Poll

Due diligence based on management representations provides an accurate and reliable picture of a company's VAT position.

1. Yes
2. No
3. I am not sure

# Buy-side VAT considerations

## Due diligence

- Data analysis
- Readiness for future

## SPA

- Specific indemnities
- VAT fiscal unity
- Termination fees
- VAT leakage



# Buy-side VAT considerations



Electronic invoicing, reporting and archiving



ESG (e.g. CBAM, plastic tax/packaging tax, other)

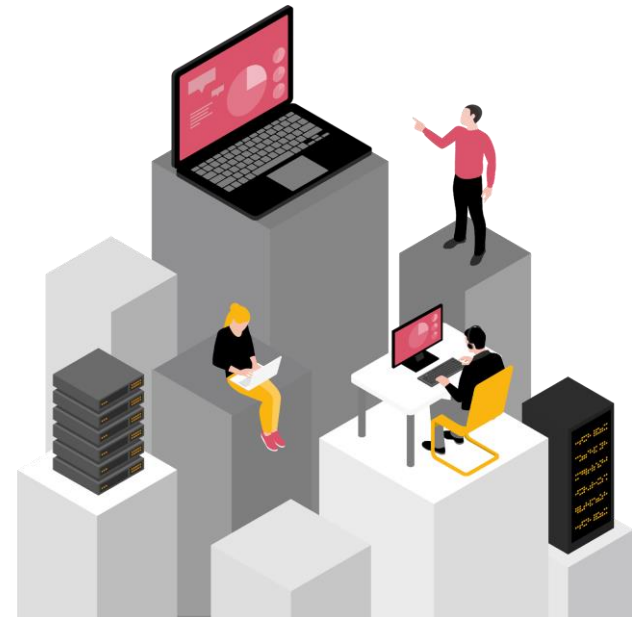


Tax control framework

# Buy-side VAT considerations

## Structuring

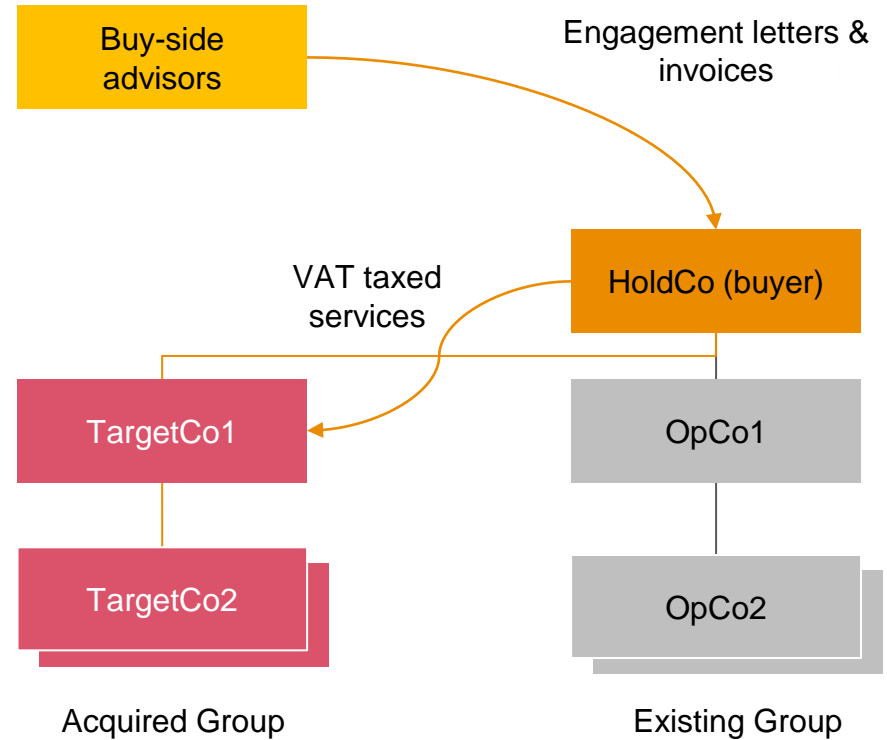
- Minimise VAT leakage deal costs
- Two scenario's
  - Add-on / corporate acquisition
  - New acquisition



# Buy-side VAT considerations

## Add-on / corporate acquisition

- Engagement letters
- Services to Target



# Buy-side VAT considerations

## New investment

- Engagement letters
- Novation & timing
- BidCo & substance
- Services to Target

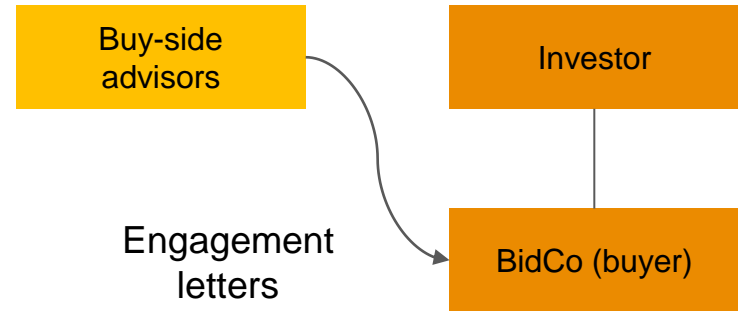
Engagement letters



# Buy-side VAT considerations

## New investment

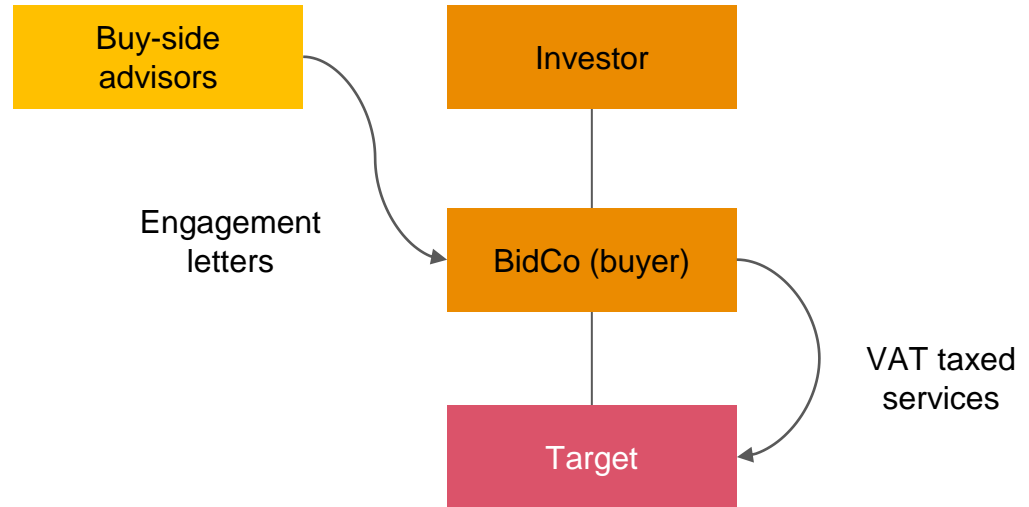
- Engagement letters
- Novation & timing
- BidCo & substance
- Services to Target



# Buy-side VAT considerations

## New investment

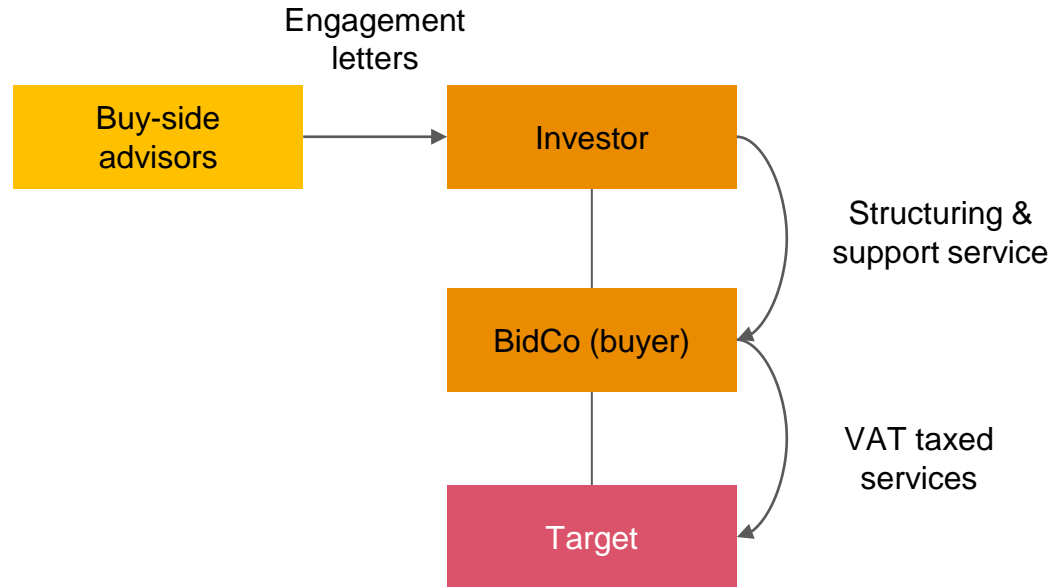
- Engagement letters
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- Services to Target



# Buy-side VAT considerations

## New investment

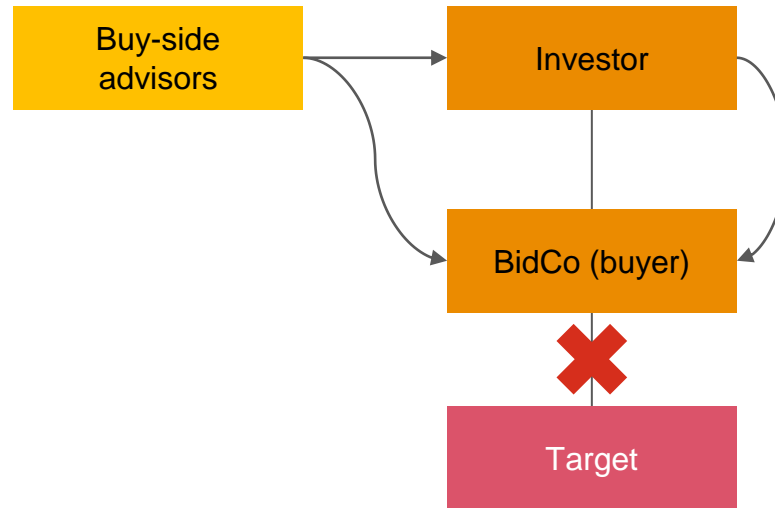
- Engagement letters
- Novation & timing
- BidCo & substance
- Services to Target



# Buy-side VAT considerations

## Aborted deal

- Intended usage of respective services
- Actual usage for other purposes





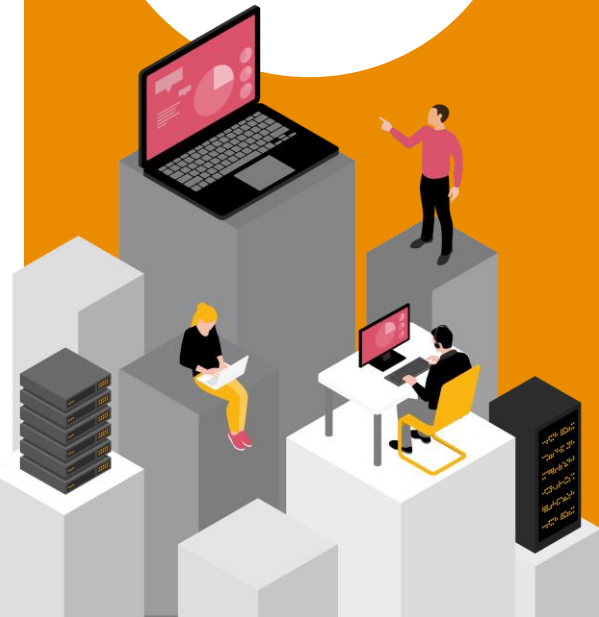
# Buy-side VAT considerations

## Post deal

- Finalise BidCo structuring
- VAT fiscal unity
- BidCo VAT return (VAT recovery, corporate finance fees, bank fees, lender counsel fees, etc.)
- Sell-side costs at Target
- Follow up on DD items (historical issues and prepare for future)

06

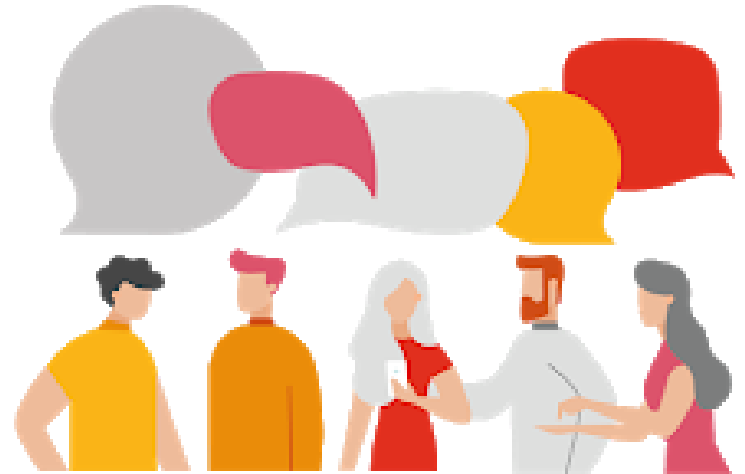
# VAT relevant business and systems aspects of integrations



# Business considerations - buyer

## Integration

- Operating model - day 1
- TSA period
- Share deal vs asset deal
- (Indirect) tax strategy



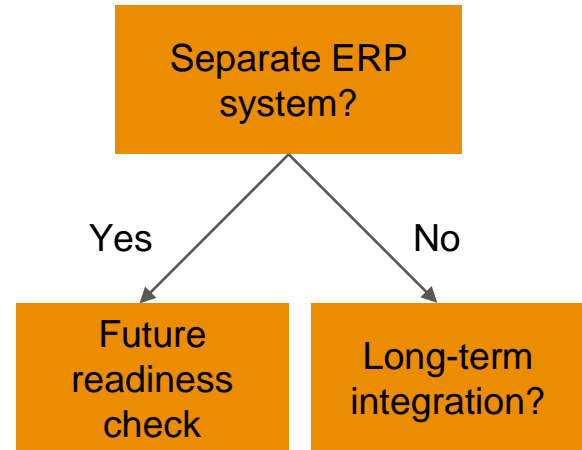
# ERP systems considerations - buyer

## Short term

- Ensure business continuity
- Health check
- Master data review
- Review tax determination logic

## Long term

- In case separate ERP system is used:
  - Carry out future readiness check
- In case of integration in existing landscape:
  - Tax configuration
  - Business processes
  - Master data management



07

# Closing



# Key takeaways



If your company is about to sell a business: start paying attention to the VAT relevant items in a timely manner

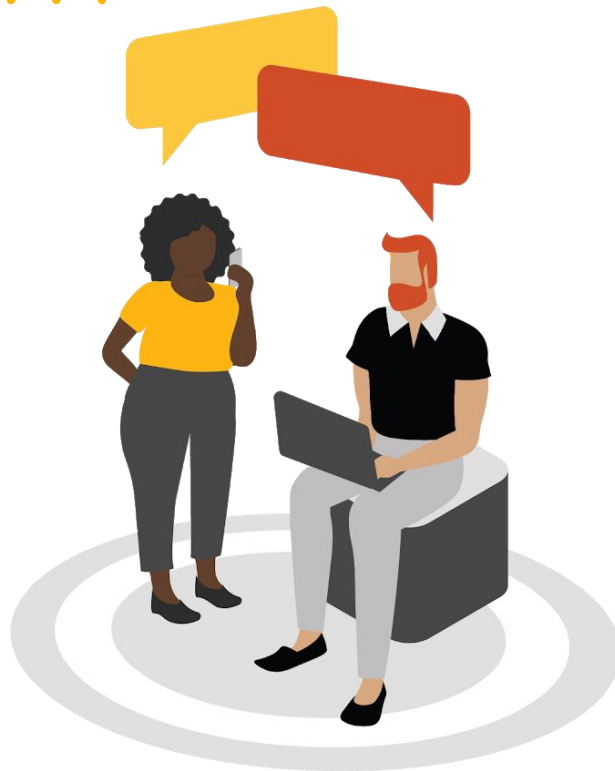


In case your company is involved in the acquisition of a business: do not only focus on possible omissions, but also try to identify how the business might be impacted by future regulations



Do not forget about the wider VAT relevant business and systems aspects

# Questions?



# Closing

- **Questions?** Please contact your PwC advisor or let us know in the evaluation of this webcast.
- View this webcast or presentation at a later stage
- Stay up to date: register for our PwC Tax Newsletter on [pwc.nl](https://www.pwc.nl)
- ‘State of Tax’ webcast series continues on [pwc.nl/evenementen](https://www.pwc.nl/evenementen)
- Please fill in the evaluation form



# Evaluation



- How would you rate this webinar on a scale from 1 to 10?
- The content was relevant. (Totally agree/Agree/Neutral/Disagree/Totally agree)
- Do you have any suggestions and/or comments?
- Do you have specific questions and would you like us to contact you?

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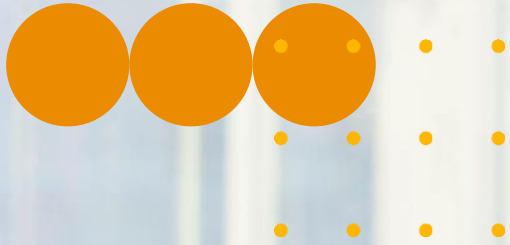


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Thank you!



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