

# Taxation of Business Transactions

Polsinelli's Tax attorneys have great depth and experience assisting clients with tax planning strategies to address the tax consequences of a variety of business transactions. We guide clients through the business and tax aspects of business transactions, including:

- Structuring tax-free acquisitions/dispositions
- Structuring taxable acquisitions/dispositions for tax optimal results
- Working with clients to effect tax-free corporate separations (i.e., spin-offs, split-offs and split-ups)
- Utilizing "F" reorganizations to effectuate acquisitions/dispositions involving S corporation targets
- Structuring and negotiating tax aspects for real estate funds, all forms of private equity funds, including SBICs, hedge funds and a wide variety of joint ventures, partnerships and LLCs
- Assisting with "choice of entity" decisions, enterprise growth matters and exit considerations
- Restructuring debt and equity
- Capital raising
- Incentivizing service providers with equity interests and related rights (i.e., stock options, restricted stock and profits interests)
- Minimizing the tax implications of receiving governmental incentives
- Developing fractions rule compliant structures
- Arranging joint ventures and partnerships to minimize unrelated business taxable income

## Matters

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- Represented a newly formed indirect subsidiary of a St. Louis-based private equity firm in its acquisition of the equity of a Wichita, Kansas-based fast-casual restaurant chain. The transaction was complicated by the then current structure of the target companies which included S corporations and many minority interests in the operating restaurants. Multiple F reorganizations, multiple rollover components, pre-transaction purchases of minority interests in restaurants utilizing nominee arrangements and co-investors all contributed to the complexity.
- Represented a new Leeds Equity Partners-backed entity in its acquisition of ~74% of the outstanding equity interests of Engage! Learning, LLC, a Texas-based provider of coaching and professional development services for K12 educators, in exchange for ~\$37,500,000 cash. Seller received ~26% rollover equity in the buyer.
- Acted as company counsel for an information technology firm in connection with the acquisition of a 51% interest in the firm by a noted private equity investor for a total investment in excess of \$100 million.
- Corporate Restructuring and Sale of a Partial Interest in a Family Owned Manufacturing Company, including the development and implementation of a restructuring of a family owned business in which certain family

members were redeemed, the existing S corporation ownership was restructured and new investors facilitated a \$190 million recapitalization which resulted in tax basis step up for the new investor.

- Assisted ownership of a significant East Coast healthcare business in pre-sale tax planning and implementation of tax-free rollover structure in a transaction involving a \$45 million investment by a publicly traded company.
- Provided tax structuring advice in connection with the sale and partial rollover of a large statewide medical practice valued in excess of \$300 million, conducted through numerous S corporations using concepts of clinical and non-clinical assets, as well as personal goodwill to control the amount of proceeds paid out in proportion to shareholder ownership.
- Drafted and updated tax risk factors and tax consequences disclosure with respect to various types of Fund Offerings.
- Represented leading athletic and sport drug testing company headquartered in Kansas City, Missouri valued at approximately \$30 million in its sale to a private equity firm, including pre-sale reorganization and negotiation of various tax sharing provisions and rep and warranty insurance.
- Provided pre-closing tax reorganization advice for multiple dispositions and acquisitions of businesses operated through S corporations with an aim towards reaching mutually amenable results in a tax efficient manner while also accounting for non-tax considerations.
- Routinely provided sell-side and buy-side tax advice in connection with partial (and full) exit transactions involving cash, debt, retained equity and rollover equity.
- Sale of the significant interest in the company to an affiliate of a capital markets company using a merger agreement whereby the client's affiliate became a member of the company along with rollover shareholders. This was a significant M&A matter in healthcare information systems where we provided tax advice and negotiated tax provisions in the merger agreement, as well as the tax provisions operating agreement of the resulting company.
- Acted as sellers' counsel for the restructuring and sale of equity of a national network of veterinarians to a private equity investor. The transaction value was in excess of \$100 million and included 13 complex "F" reorganizations under the Internal Revenue Code, along with other various tax advantaged structures related to roll-over equity.
- Acted as counsel to one of the country's largest skilled nursing facility operators in the sale of over 70 skilled nursing facilities located primarily in Texas and Louisiana. The facility sales were completed in connection with the bankruptcy proceeding and were structured as 363 asset sales. The sale transaction included complex tax structuring techniques that were implemented for both the seller as well as the post-bankruptcy buying entity. We also guided our client through a reduction in related liabilities exceeding \$50 million.
- Provided tax structuring advice in connection to the formation and expansion of medical, dental and veterinarian management companies in the context of friendly PC structures.
- Creation of a State Authority to spin-off hospital operations from the State, including drafting the State legislation and securing a private letter ruling from the IRS recognizing the Authority as a tax-exempt integral part of the State.
- Provided tax structuring and restructuring advice in connection with a healthcare transaction with respect to retention of Employment Identification Numbers for payor contract purposes.
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# Publications

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November 2017

**Update: Three Significant Takeaways from the Tax Cuts and Jobs Act**

November 2017

**House Releases Tax Bill: Talking Points and Takeaways**