



## THE POWER OF BEING UNDERSTOOD

## DUE DILIGENCE

State and local tax liabilities may affect the expected profitability of planned acquisitions

Does your acquisition target have outstanding state and local tax liabilities that will become your responsibility?

Are you certain that the target is accurately assessing its nexus requirements and collecting and remitting taxes accordingly?

Have you identified the state and local tax liabilities and opportunities associated with impending acquisitions to improve the accuracy of your ROI forecast?

An acquisition is one of the most complex and risky endeavors a business can undertake. As a buyer, you want to be sure you are making the right decision. The state and local tax liability of your target company has the potential to significantly affect your financial stability, yet is an area that is often overlooked. Before making a permanent commitment to acquire a business, your company should conduct proper due diligence by proactively analyzing and validating every potential state tax exposure.

The RSM state and local tax (SALT) practice is a team of experienced mergers and acquisition specialists who provide highly-specialized consulting focused on identifying both the state tax risks and the state tax opportunities associated with your planned acquisition activity.

### Expedient, thorough analysis

Acquisitions are time-sensitive events—each step in the process must occur at the right moment to have the best effect. Due diligence is no different. You need to know that the people supporting you in this process are ready to take action and provide a thorough review in a timely manner.

RSM has dedicated SALT professionals ready to help keep your transaction timeline on track. We follow a process that is detailed, flexible and scalable.

Our due diligence team will quickly:

- Analyze historical tax returns, financial statements and other relevant documents to identify tax risks and opportunities
- Provide comprehensive review and analysis of transactions
- Conduct interviews to understand the history and current tax positions
- Identify future tax issues as a result of current findings
- Prepare a written analysis and recommendations
- Provide a practical interpretation of issues and opportunities
- Assist in developing the most efficient tax structure for the transaction

## Proceed (or not) with confidence

State and local tax issues can be the source of unexpected expenses following an acquisition. If your target company has not properly identified its nexus liabilities or is calculating local taxes with outdated rates, that liability may be passed on to you as the acquiring business.

In some cases, this might eliminate any economic gain expected from the transaction. In other situations, your planning team may be overlooking a significant state tax incentive or efficiency created by the acquisition. In either scenario, understanding precisely how state and local tax issues affect the immediate and future profitability of the transaction can help you make confident, informed decisions.

RSM will help you identify technical risks and offer the practical advice that is the foundation of that confidence. And we will do so well in advance of your closing date so that you have the time to consider your options.

Our due diligence specialists will take the time to understand your business and the business objectives surrounding the proposed transaction so that our research and recommendations are aligned with your goals.

That's the power of RSM. *The power of being understood.*<sup>®</sup>

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