

Issue: Degrouping

Background:

A media group was being sold and undertook a pre-sale re-organisation to hive off parts of the company which the US buyer did not wish to buy. The seller's tax advisors prepared a steps paper and accompanying tax advice which raised a tax risk.

Issue:

The tax lawyers raised the question as to whether the restructuring could break the seller's group for the purposes of corporation tax on chargeable gains, the intangibles and derivatives regimes. This was due to a legal question over whether beneficial ownership had been lost for a moment in time during the restructuring. The seller was willing to accommodate the buyer's request for the restructuring but not at risk of crystallising multiple degrouping charges.

Solution:

We issued a tax policy in favour of the seller against the risk of the degrouping charges crystallising which enabled the seller to accommodate the buyer's request without risk of adverse tax consequences.

