

FIDUCIARY DUTIES-ASSISTING A TECH COMPANY CLIENT TAKEOVER WITH INTERNATIONAL TAX.

Industry: Tech

CT: Accountants Advisers








► Our client and the task:

During a tech company client takeover by a major US software business, Neil Norman, Senior Tax Partner at UK member CT Accountants and Advisers, had to rapidly engage some eight AGN members in eight different countries to sort out an international tax conundrum. It's a salutary tale for tech companies where options on their shares are regularly given to staff to motivate and retain them.

Neil's client was one such tech company who were subject to takeover negotiations. Still, when Covid hit, a cadre of its multinational staff decided to return to their country of origin, and exercise their options, thus becoming shareholders in those countries - presenting a couple of teasing tax questions. Were the staff now resident overseas (shareholders since exercising their options) liable for tax on the exercised option in their own country? Or was their employer, e.g. Neil's client, liable for the tax in the UK? Considerable value had been accumulated in the options since the original allocation price. The staff had distributed across some eight different countries!

► What we did?

Meanwhile, the pressure was mounting on sealing the takeover deal, but little could progress until this matter was resolved - not surprisingly, Neil was keen to expedite the problem. He contacted eight AGN member firms in all eight countries seeking advice and clarification. The AGN members engaged were:

-  France = Caderas Martin (referred onto Monceau Tax Legal)
-  Italy = CT&P
-  Slovenia = ATAX International
-  Poland = JRD
-  Morocco = AMCE
-  US = Daszkal Bolton LLP
-  Canada = Adams & Miles LLP

► How we added value:

"The tax issues here were complex, and the AGN members responded promptly and professionally. Through some late nights and international zoom exchanges, we got there, and the client was delighted that we resolved the problem so speedily."

Many AGN member firms have fast-growing tech businesses as clients, so it's worth noting what happened here as 'forewarned is forearmed'. The same situation will most likely arise when/if these businesses ever come to do some form of share deal or disposal.

"This case really does show how the AGN association can deliver on multi-territory tax challenges."

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