



“Hands-on practical guidance for lawyers, accountants, or investment funds that need to understand the tax language used in today’s deal documents”

Ivan Mitev, Author

Legal & Regulatory US

Drafting Tax Provisions for Private M&A and Investment Funds by Ivan Mitev

Tax provisions are a staple in many private M&A and investment fund documents. Yet, there is no comprehensive source that catalogs the various provisions, gives examples of alternative drafting approaches, and offers an in-depth analysis of the tax language.

Drafting Tax Provisions for Private M&A and Investment Funds by Ivan Mitev provides practical guidance, and comprehensive source as well as sets the benchmark for tax documents and precedents related to the investment fund and private M&A industry. It covers tax provisions in the most pertinent documents that concern investment funds and the private M&A practitioner. With examples of multiple drafting approaches it reads as a compendium of provisions, and offers various negotiation points. The clauses and other provisions have been compiled from multiple public sources such as EDGAR, FOIA requests, exhibits of court filings, or other precedent that the author has seen in practice. Also included is a survey of state law cases, where applicable, that illustrate some of the legal controversies that could arise from the tax provisions in the deal-documents covered by this title.

Ivan Mitev is of counsel to the firm of Pillsbury Winthrop Shaw Pittman LLP. Mr. Mitev’s practice focuses primarily on the domestic and international aspects of private equity and hedge fund taxation, and the formation, recapitalization, merger, sale, and liquidation of partnerships and LLCs.

Below you will find the Table of Contents for *Drafting Tax Provisions for Private M&A and Investment Funds*. Included are documents that represent the most essential elements of the investment fund and private M&A deal workflow. The documents are organized in separate chapters with subsections covering the various tax provisions within the document. As newer drafting approaches, substantive law changes, or other material changes occur, the title will be updated with additional drafting alternatives and content. This title was reviewed by attorneys at Leech Tishman Fuscaldo & Lampl LLC.

TABLE OF CONTENTS

TAX PROVISIONS IN THE STOCK PURCHASE AGREEMENT “SPA”

- Introduction
- Definitions
- Purchase Price and Related Adjustments
- Representations and Warranties of Seller
- Tax Covenants and Tax Matters
- Notable SPA Litigation

TAX PROVISIONS IN PARTNERSHIP INTEREST PURCHASE

- Introduction
- Capital Account Balance
- Interim Distributions
- Seller Rep for Pass-through Items
- Target Rep for Partnership Status
- No Publicly Traded Partnership
- Tax Treatment
- Tax Returns
- Disguised Sale Disclosures
- 754 Elections and Step-up
- Allocation of Company Items
- Purchase Price Allocation for Hot Asset/Step-up and Other Purposes; Disclosures Therewith
- Electing Investment Partnership
- Cost of Section 743 Adjustments
- Section 197 Anti-churn Intangible Issues
- Audits

TAX PROVISIONS IN ASSET PURCHASE AGREEMENTS

- Introduction
- Excluded Assets and Assumed Liabilities
- Purchase Price Allocation
- Closing Obligations with Respect of Taxes
- Reqs and Warranties
- Transfer and Transaction Taxes
- No Assumption of Tax Liabilities and No Successor Liability
- Proration of Real Estate and Personal Property Taxes
- Retention of Tax Records
- Notable APA Litigation

TAX PROVISIONS IN CREDIT FACILITIES

- Introduction
- Definitions
- Tax Reqs and Warranties
- Affirmative Covenants; Payment of Obligations

- Negative Covenants; Restricted Payments
- Miscellaneous; Indemnity
- Yield Protection—Taxes and Increased Cost
- Notable Credit Facility Litigation

TAX PROVISIONS IN PRIVATE EQUITY LP AGREEMENTS

- Introduction
- Section 704(b) Boilerplate
- Capital Accounts; Related Definitions and Allocations
- Governance
- Investor Representations and Covenants

TAX PROVISIONS IN PPM

- Introduction
- Disclaimers
- Summary of Terms
- Tax Risks
- Tax Section
- Notable PPM Case Law

TAX PROVISIONS IN SUBSCRIPTION AGREEMENTS

- Introduction
- Information Provided Is Correct
- Nonreliance
- Confidentiality
- Tax Information Required
- Withholding

PROFITS INTEREST PROVISIONS IN INVESTMENT FUND AND OTHER PARTNERSHIP AGREEMENTS

- Introduction
- Accounting Period
- Purpose of LP
- Partnership Classification
- Profits Interest; Treatment as Profits Interest
- Safe-Harbor Language
- Capital Accounts Revaluation
- Getting Paid
- A Word About Drag-Along
- The Catch-Up
- Book/Tax Allocations
- Escrow
- Confidentiality
- Reqs and Warranties of Professionals
- Transfer Restrictions