Tax Opinion

Case Study One

The Aon client was a private equity bidder for a company based in Continental Europe that was owned by another private equity organisation and had an agreed value of around €150m.

Our client's advisers identified a potential €50m tax liability that stemmed from an earlier reorganisation in the target's history.

The seller was not willing to provide an indemnity, believing that the likelihood of a liability was remote, as they believed the reorganisation had been done on sound advice for strong commercial reasons. The buyer felt unable to proceed as the size of the potential liability, however remote, was too great to factor in their plans to make a return on the company.

We created an insurance wrap around the potential tax issue that sat as an asset in the buying company. Without the wrap, a deal that was otherwise acceptable to both sides would not have gone through.

Case Study Two

We were acting for a European business that sold a US-based subsidiary that had a potential tax liability. Our client felt that the liability was remote and as a result gave an indemnity to the buyer and the deal went through.

Unfortunately, the holding company that underwrote the indemnity was subsequently sold and its new owners were not willing to take the liability within the new structure.

We created a wrap that meant that the buyer of the holding company did not have to keep any reserves for the contingent risk.

This was the largest deal of its kind done in the last five years, and underscores the highly complex nature of operating in this sector. Aon was able to complete the deal with the minimum of fuss, highlighting the benefit of working with us and the benefit of our strong market relationships.

Case Study Three

Aon's client was a US private equity operation that was buying a business from a US seller.

The deal included a non-operational UK subsidiary that had a latent potential tax liability, and our client wanted to be certain that they could benefit from a particular commercial tax relief under the UK tax regime to ensure they did not inherit a liability post-acquisition of US$150m on a US$400m deal.

We placed a policy that would pay out in the event that the company might not be able to enjoy the capital gains tax exemption, providing them with the confidence to complete the deal.




Published by Aon Limited

Registered office 8 Devonshire Square, London EC2M 4PL