



Changing market forces and economic uncertainty can hit any business, causing financial difficulty. A company in this situation may be required to restructure its financial position or even seek bankruptcy protection. These processes can be challenging. A financial restructuring is unfamiliar to many companies and can be highly argumentative. Bankruptcy preparation is time-consuming and proceedings can be intense.

In a time of crisis, companies need stability and reassurance. This is where KPMG LLP (KPMG) can help.

KPMG's Mergers and Acquisition (M&A) Tax practice can provide tax restructuring services (TRS) that can assist financially distressed companies with the tax issues associated with reorganizing their capital structure. Our experienced tax advisers have helped clients face these challenges many times before and understand the tax-related ins and outs of the bankruptcy process and the tax issues associated with a financial restructuring. Perhaps most importantly, the TRS team can help you better understand the potential tax consequences of a debt restructuring taking place within or outside of bankruptcy court protection. This can allow you to be more informed as you make critical decisions about your company's future.

Services for financially troubled companies

A debt workout can require companies to shift immediately from focusing on daily business operations to focusing on creditor negotiations that may determine the future of the organization. In addition to creditor negotiations, tax issues that arise in a debt restructuring can have significant financial impact if not properly addressed. As tax restructuring advisers, the TRS team helps our clients focus on the priority issues. Our services can include assisting clients with:

- Identifying and planning for the potential tax consequences arising in debt modifications, debt cancellations, and negotiated settlements
- Mitigating potential limitations on the use of net operating losses and other valuable tax attributes
- Determining the tax cost of asset sales and calculating a corporation's tax basis in its subsidiary corporations
- Understanding the potential tax effects of intercompany reorganizations
- Determining the potential tax effects of contested income and contested liabilities.

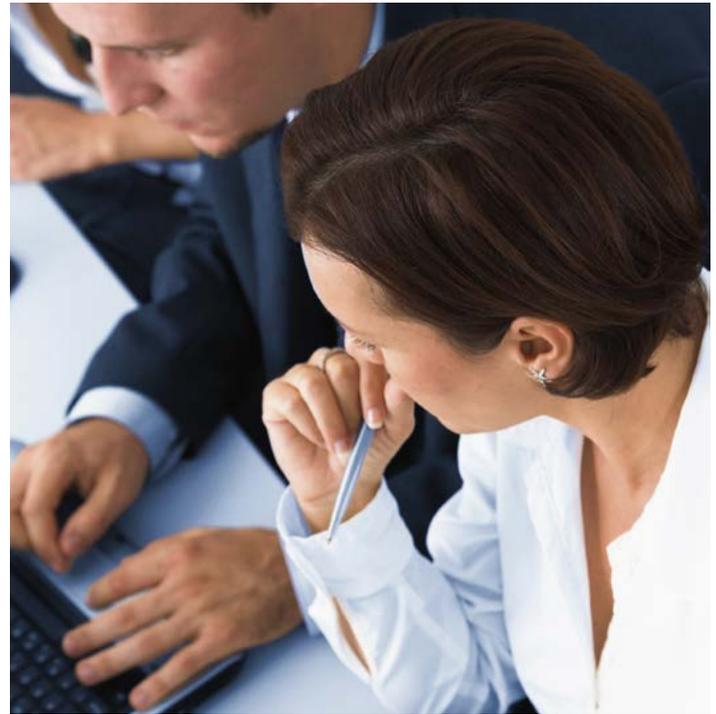
Services for companies in bankruptcy

Bankruptcies take the issues in debt workouts to a higher level of complexity. These complex issues often require negotiating with the creditor committee, preparing a reorganization plan, responding to due diligence requests, evaluating potential asset sales, and determining which creditor claims—including tax claims—to possibly protest. To help companies work through many of the key bankruptcy issues, the M&A Tax practice's TRS team can assist clients with:

- Quantifying the corporation's potential tax attributes—such as net operating losses, stock basis, and inside asset basis—and determining any existing limitations on those attributes
- Determining any potential limitations on the deductibility of expenses incurred in the bankruptcy proceeding, such as interest and professional fees
- Quantifying the potential tax consequences of the reorganization plan and communicating those consequences to the company's creditors
- Quantifying and planning for the potential tax impact of asset sales, and preparing the tax section of the bankruptcy plan disclosure statement
- Evaluating the potential tax effects of intercompany transactions, such as subsidiary liquidations.

...so you can focus on running your business

KPMG's M&A TRS professionals can help you better understand the tax consequences of a bankruptcy reorganization or a debt workout plan. KPMG professionals have in-depth knowledge of the tax issues associated with these processes and can help you address issues that may arise. Most importantly, KPMG's TRS team can help you return to running your business.



The experience of a recognized leader

We know the proceedings and the tax issues, and we have assisted many clients through restructurings and bankruptcies.

- KPMG has worked on many large bankruptcies in various industries.
- KPMG's team members have contributed to the drafting and reviewing of Treasury Regulations section 1.382-9 (relating to the application of section 382 to companies in bankruptcy).
- KPMG received the first private letter ruling from the Internal Revenue Service treating built-in cancellation of debt income as reducing net unrealized built-in loss and allowing the application of Section 382(l)(5) and (6) (change of control upon emergence from bankruptcy) to consolidated groups.
- KPMG's Tax professionals include the coauthor of *Bankruptcy & Insolvency Taxation*, Robert Liquerman, who is also an adjunct professor at the Georgetown University Law Center LL.M. Program, Taxation of Bankruptcy and Workouts course.

Contact

Howard Steinberg
Partner, M&A Tax

T: 212-872-6562

E: hbsteinberg@kpmg.com

kpmg.com

The information contained herein is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates.

© 2015 KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International. NDPPS 238636