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Mergers & Acquisitions 2024

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Mergers & Acquisitions

Contents

Colour Coding Guide	❖ Blue Text – Reference to statutes, case law, provisions of the Takeover Code. ❖ Green Text – Reference to textbook paragraphs and other notes in this guide.

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User note: Mergers & Acquisitions is a document heavy module. Accordingly, various example documents (such as the example SPA etc.) for students to refer to have been included in a separate Appendix to the guide.

Sections of this guide concerning public companies have been written in advance of changes introduced by the Financial Services and Markets Act 2023. This is in-line with the University of Law's LPC syllabus, which relies upon the textbook Public Companies & Equity Finance 2023 (which was written advance of the 2023 Act).

1. Preliminary Matters

Mergers & Acquisitions

Overview	❖ The Mergers & Acquisitions module considers the methods and mechanics of company **takeovers**. ❖ This note is intended as a brief introduction to the subject, considering in particular the differences between share acquisitions, and asset acquisitions.

Terminology	"**Merger**"	❖ There is no legal definition of a "merger". ❖ However broadly speaking, a "merger" occurs where **two separate entities combine to create a new, joint entity**. The new entity takes on both the risk and rewards of the combined enterprise. ❖ The two groups of shareholders are, generally, in a position to **continue their shareholdings as before but on a combined basis** (i.e., there is **no transfer of control**).
	"Acquisition"	❖ By contrast, an *acquisition* is where **one entity takes over ownership or control of another** i.e., it is a takeover.

Share Acquisitions and Asset Acquisitions

❖ *Acquisitions, 1.2*

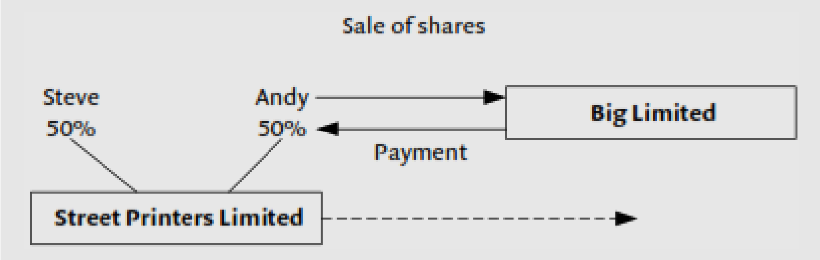
Overview	❖ There are **two main types** of acquisition: ➢ **Share Acquisitions:** this is the sale and purchase of the ***shares of a private company*** (the 'target company'). ➢ **Asset Acquisitions:** this is the sale and purchase of the ***underlying assets*** of an operational business.

	Share Acquisition *Acquisitions, 1.2.1*	**Asset Acquisition** *Acquisitions, 1.2.3*
What is it?	❖ The **target company's shares** are acquired by a buyer. ❖ The target company still **exists in its own right**; its shares just transfer from the old owners, to the new owners. ❖ The target company, therefore:	❖ The buyer **acquires the *underlying assets* of the target** that are needed to carry on its business. ➢ E.g., premises, plant and machinery, intellectual property, contracts with third parties, goodwill. ➢ If the buyer wishes to continue trading, it must also acquire **"goodwill"** i.e., the intangible asset which reflects the value of the business attributable the company's **brand**

	Share Acquisition Acquisitions, 1.2.1	**Asset Acquisition** Acquisitions, 1.2.3
	➢ **Remains in the same commercial position** as it was prior to the acquisition; ➢ Still **owns and runs the business**; ➢ Will continue to have whatever **assets, liabilities, rights or obligations** it had before the acquisition. ❖ Where **all shares** in the target company are purchased and become owned by another company: ➢ The **owner** becomes the "**holding company**". ➢ The **target company** becomes a "**wholly owned subsidiary**". ➢ If the target company itself owns shares in another company (i.e., it has a subsidiary), **ownership *of the subsidiary*** will also transfer to the buyer.	**recognition, its customer base, and employee relations** etc. ❖ Ownership of the target Company **DOES NOT TRANSFER IN ITS OWN RIGHT**; merely the **ownership of *specific assets* previously owned by the target.**
Example Structure Diagram[1]	❖ The diagram below sets out a simple structure for a share acquisition. ❖ The "sellers" are the ***shareholders*** of Street Printers Limited ❖ The "buyer" is **Big Limited**.	❖ The diagram below sets out a simple structure for an asset acquisition. ❖ The "seller" is **Computers R Us Limited**. ❖ The "buyer" is **Avaricious Limited** ❖ Consideration is paid **to Computers R Us Limited**.

[1] Workshop 1, Prep Task, Questions 1 and 2

<table>
<tr><th></th><th><u>Share Acquisition</u>
Acquisitions, 1.2.1</th><th><u>Asset Acquisition</u>
Acquisitions, 1.2.3</th></tr>
<tr><td></td><td>❖ Consideration is paid to the <u>shareholders</u> of Street Printers Limited.


</td><td>❖ Where the target is already incorporated, the assets of the target are owned by that company; accordingly, <u>the seller will be the target company itself.</u>

❖ This has implications in respect of, for example, tax, as the owners of the target must extract the sale proceeds from the target (which in itself will incur a tax liability).


</td></tr>
</table>

<table>
<tr><td><u>Legal Mergers</u>

Acquisitions, 1.2.2</td><td>❖ There is no specific formal procedure in England and Wales to effect a “merger” by statute.

❖ As a result, most mergers are “general mergers” i.e., a contractual offer and acceptance.

❖ However, it is possible to take control over a company using a <u>scheme of arrangement</u> under Part 26 of the CA 2006:

➢ This is a binding <u>agreement between a company and its members or creditors,</u> which is <u>supervised by the court</u>.

➢ It is flexible, <u>and allows for almost any kind of internal reorganisation</u>, merger or demerger.

➢ Schemes of Arrangement, however, tend <u>not to be used for the acquisition of private companies</u> as the court procedure is <u>complex</u> and <u>time-consuming</u>.

➢ See notes on Takeovers by Scheme of Arrangement in Workshop 9.</td></tr>
</table>

Advantages And Disadvantages of Different Types of Acquisition

Overview	❖ This note compares the two forms of acquisition (share acquisitions and asset acquisitions), and explains, in relation to particular headings, which form of acquisition is likely to be more beneficial from a ***seller's* perspective**. ❖ The grid below is colour coded with a view to making the benefits quick to spot, as follows: ➢ Green Shading = the generally **advantageous** option. ➢ Red Shading = the generally **disadvantageous** option. ➢ Amber Shading = the **neither advantageous nor disadvantageous** option.

Seller's Perspective[1]

❖ *Acquisitions, 1.3.1*

	Share Acquisition	**Asset Acquisition**
Clean Break *Acquisitions, 1.3.1.1*	❖ A share acquisition results in a "**clean break**" from the business. ❖ The seller transfers *shares* and so the **company is transferred to the buyer** and carries on in its own right. ❖ **The seller severs their connection** with the company, and **all liabilities of the company are transferred** (though subject to protections in the SPA). ❖ The seller will, however, need to **discharge themselves from any personal guarantees** offered.	❖ The legal liabilities of the business **remain with the *seller***. ❖ This is because the *company itself* has **not** been transferred; accordingly, the liabilities of that company remain liabilities of the seller. ❖ An example includes the obligation to **fulfil contracts** entered into by the seller. This will generally **remain with the seller** after the sale as only the ***benefit* of contracts can be assigned** without the consent of the third party (see notes on *Transfer of Assets* in Workshop 6). ❖ Even if the buyer contractually **agrees (with the seller) to assume responsibility** for liabilities, this **will not bind third parties** who may seek to enforce against the seller.

[1] Workshop 1, Prep Task, Question 4

	Share Acquisition	**Asset Acquisition**
		❖ Contractual rights between buyer and seller (e.g., indemnities), can also be **difficult to enforce** (e.g., an indemnity will be of little use if a buyer is insolvent).
Scope of Warranties and Due Diligence *Acquisitions, 1.3.1.2*	❖ The scope of warranties given, and due diligence required, will generally be **wider** for share acquisitions. ❖ This is because buyer will **take on all liabilities**, including any hidden liabilities.	❖ The **scope of warranties** and **due diligence** will generally be **narrower** for asset acquisitions because the buyer will be focused on protecting itself only in relation to those **assets/liabilities that it has agreed to take on.**
Transfer of Title *Acquisitions, 1.3.1.3*	❖ It is **much *simpler* to transfer title on a share sale** than an asset sale. ❖ All that is needed is a **stock transfer form**.	❖ The transfer of the various assets of a business is much more **administratively complex**. ❖ Each asset of the business **must be transferred separately**, which can involve complications (e.g., **consents** may be required from third parties to transfer assets, such as the consent of a landlord to assign a lease). ❖ **Formal transfers** will be required of certain assets such as: ➢ Land; and ➢ Intellectual Property rights.
Financial Services Regulation *Acquisitions, 1.3.1.4; 9.2.1.1*	❖ Regulatory requirements are **more complicated** on a share acquisition. ❖ This is because shares are **classified as an "investment"** for the purposes of the Financial Services and Markets Act 2000 (FSMA 2000). ❖ As a result, s21 FSMA 2000 makes it a criminal offence for any person other than an authorised person to *"communicate an invitation or inducement to engage in*	❖ An asset acquisition is **not a regulated activity** under FSMA 2000. ❖ That said, compliance with FSMA 2000 may still be necessary in circumstances where the parties **only decide at a late stage** to dispose of **assets** rather than the businesses' shares.

	Share Acquisition	Asset Acquisition
	investment activity" UNLESS the contents of have been **approved by an authorised person.** ❖ Accordingly, mere ***approaches*** by a seller to potential buyers aimed at inducing them to enter negotiations for the acquisition of shares will be a **"regulated activity".** ❖ The seller must therefore **seek the approval of an authorised person** if there is *any possibility* of the section applying. ❖ Breach of the restriction is a **criminal offence**, and renders any **sale and purchase agreement unenforceable**. ❖ Professional advisers should also ensure that they are **authorised to carry out a "regulated activity"**, as advising on and arranging a share purchase constitutes a "regulated activity" (s22 FSMA 2000). ❖ However, if they are not authorised, solicitors can seek to ensure that the transaction is excluded under the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544). Art 70 excludes activities carried on in connection with the sale of a body corporate if: ➢ That sale will **result in the buyer owning 50% or more of the company's voting shares**; or	

	Share Acquisition	**Asset Acquisition**
	➢ The transaction is designed to **enable the buyer to obtain day-to-day control of the company's affairs.** ➢ **This catches most company acquisitions.** ➢ Further, mere **financial promotions** for the transaction may also be **exempt** under Art 62, FSMA 2000 (Financial Promotion) Order 2005 (SI 2005/1529) in the same circumstances.	
Employees *Acquisitions, 1.3.1.5*	❖ There is **no change of employer** in a share acquisition. ❖ The ***company itself*** has changed ownership. ❖ The **target company remains the employer** before and after the acquisition, and there is therefore no direct effect on the contracts of employment of the workforce. ❖ The **share sale will not, therefore, give rise to any potential claims** (though separate actions by the buyer or seller e.g., dismissal of an employee, may result in a claim).	❖ The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) will generally apply. ❖ Where TUPE applies, the rights and obligations of employees will **automatically be transferred to the buyer** (whether the buyer wants this to be the case or not). ❖ TUPE applies if the transfer of assets enables an **identifiable business to be continued by the buyer in essentially the same form.** ❖ As with share sales, separate actions by the buyer or seller e.g., **dismissal of an employee**, may result in a claim against the other party.
Taxation Factors	❖ The tax consequences of a share acquisition are **straightforward**. ❖ Consideration is received by the seller's shareholders who will incur either:	❖ The tax consequences of an asset acquisition are **more complicated**, which results in **administrative inconvenience**. ❖ There is also a **two-tier taxation system for asset sales:** ➢ The *selling company* incurs a **corporation tax charge** on the sale of its assets:

	Share Acquisition	Asset Acquisition
	➢ A **Capital Gain's Tax charge** (if they are individuals); or ➢ A **Corporation Tax charge** (if they are corporate shareholders). ❖ However, for corporate shareholders, any capital gain is normally **exempt from corporation tax** where the seller is disposing of a *"substantial shareholding"*. Broadly, this is where the selling company seeks to **dispose of 10% or more of the ordinary share capital.**	▪ The sale of **capital assets** may give rise to a **chargeable gain**. ▪ The sale of **stock** will be chargeable as **income**. ▪ The sale of assets where **capital allowances** have previously been claimed may trigger **balancing charges** which are treated as income receipts. ➢ The *shareholders* may then also be charged to tax when **extracting the proceeds of sale**. They can either: ▪ **Have the net proceeds of sale distributed to them directly (e.g., by winding up the company):** This will be treated as a disposal of shares for CGT purposes and will incur a CGT charge. ▪ **Have the proceeds of sale distributed by dividend:** this incurs an **income tax charge** (though the shareholders will have a tax credit). However **corporate shareholders are *unlikely* to incur a tax charge** due to the "substantial shareholder" exemption.
Taxation – Availability of Reliefs on Proceeds of Sale	❖ Shares are **not qualifying assets** for the purpose of roll-over relief (which, if it applies, allows a capital gain to be "rolled over" into a replacement asset resulting in any **CGT charge being postponed** until that ***replacement asset is disposed of*** and not replaced).	❖ Roll-over relief **may** be applicable. ❖ Sales of **qualifying assets** (e.g., plant and machinery, and land) may benefit from **roll-over relief** (s152 Taxation of Chargeable Gains Act 1992 (TCGA 1992)).

	Share Acquisition		Asset Acquisition
	Individual Shareholders	❖ Individual shareholders may, however, be able to **claim "deferral relief"** which **defers the chargeable gain** if the shareholder reinvests the proceeds of a share sale into new shares which qualify for the Enterprise Investment Scheme (see notes on *Tax Reliefs on a Share Sale*).	❖ This rolls over any gain **into a replacement asset**, and so any CGT charge is **postponed until *that replacement asset* is disposed of and is not replaced.** ❖ This is **attractive where a selling company intends to buy new assets** e.g., if it is selling part of its business, and intends to acquire new assets to develop other areas of its business.
	Corporate Shareholders	❖ **No deferral relief** is available. ❖ However, any capital gain is **likely to be exempt from corporation tax** where the seller is disposing of a "substantial shareholding".	

Advantages and Disadvantages of Different Types of Acquisition

Overview	❖ This note compares the two forms of acquisition (share acquisitions and asset acquisitions), and explains, in relation to particular headings, which form of acquisition is likely to be more beneficial from a ***buyer's* perspective**. ❖ The grid below is colour coded with a view to making the benefits quick to spot, as follows: ➢ Green Shading = the generally **advantageous** option. ➢ Red Shading = the generally **disadvantageous** option. ➢ Amber Shading = the **neither advantageous nor disadvantageous** option.

Buyer's Perspective[1]

❖ *Acquisitions, 1.3.2*

	Share Acquisition	Asset Acquisition
Trade Continuity *Acquisitions, 1.3.2.1*	❖ There is **little disruption to ongoing trade** as the company's assets and outstanding contracts remain **unaffected** by the change in ownership. ❖ However, the buyer has no guarantees that those who are ***accustomed*** (but not obliged) **to deal with the company** will continue to do so. ❖ For example, some contracts may contain a clause which permits a party to **terminate** where **control of the company changes hands**.	❖ An asset acquisition is more likely to prompt customers and suppliers to **review their dealings** with the new owners. ❖ This is because existing contracts **will not be transferred automatically**; they must be assigned or novated, which generally requires either **consent or notice to the other party to the contract**. This gives the third party the opportunity to renegotiate terms as a price for allowing assignment. ❖ Assignments of leasehold property will normally require the buyer to give the landlord suitable guarantees.
Choice of assets and liabilities *Acquisitions, 1.3.2.2;*	❖ In a share acquisition, the buyers **get *all* of the businesses' assets**, whether they want them or not. ❖ This may **result in unnecessary assets being acquired**, e.g., duplicate plant and machinery.	❖ Buyers can **pick and choose which assets they buy**. This allows for greater flexibility. ❖ The buyer can also **select the liabilities for which they agree to take responsibility**, subject to a few statutory exceptions (e.g., employees and environmental matters).

[1] Workshop 1, Prep Task, Question 3

<table>
<tr><th></th><th colspan="2"><u>Share Acquisition</u></th><th colspan="2"><u>Asset Acquisition</u></th></tr>
<tr><td><u>1.4.2 (Hive-Downs)</u></td><td colspan="2">❖ The buyers also receive <u>all of the liabilities of the company, whether hidden or not.</u>

❖ The potential solution to this is to conduct a "hive-down" whereby the target transfers specific assets which the buyer wants to acquire <u>to a new company</u> ("Newco"), and the buyer then <u>conducts a share acquisition of Newco</u>.</td><td colspan="2">❖ The buyer acquires a bundle of <u>identified</u> liabilities so avoids the risk of <u>unknown or unquantified</u> liabilities.</td></tr>
<tr><td><u>Integration</u>

<u>Acquisitions, 1.3.2.3</u></td><td colspan="4">❖ The appropriateness of a share or asset sale will, in part, <u>depend on the buyer's commercial and organisational objectives</u>.

❖ For some businesses, it will be better to acquire a <u>stand-alone operational company</u>, for others it will be better to acquire a <u>collection of assets</u>. This is therefore neutral.</td></tr>
<tr><td><u>Securing finance</u>

<u>Acquisitions, 1.3.2.4</u></td><td colspan="2">❖ If the target is a <u>public company</u>, a lender is <u>prohibited from taking a charge</u> over the target company's assets because this constitutes <u>financial assistance</u> by a company for the purchase of its own shares, which is prohibited by <u>s678 CA 2006.</u></td><td colspan="2">❖ If the buyer is proposing to finance the acquisition through borrowing, it can <u>offer the assets of the business being acquired as security for the loan.</u>

❖ If a buyer wishes to do this, it <u>must</u> proceed with an asset sale.</td></tr>
<tr><td rowspan="3"><u>Taxation factors</u>

<u>Acquisitions, 1.3.2.5</u></td><td><u>Base costs for CGT</u></td><td>❖ By contrast to the position on asset sales, shares are deemed to be acquired by the buyer at <u>the cost for which they were originally acquired by the company</u> (i.e., the original cost <u>before</u> the acquisition).

❖ On a subsequent disposal, <u>corporation tax will therefore be charged on the increase</u>, which will generally be much larger than on an asset sale.</td><td><u>Base costs for CGT</u></td><td>❖ Chargeable assets such as land have a higher <u>base cost</u> for capital tax purposes. This <u>reduces the overall capital gain</u>.

❖ The assets are deemed to be acquired at market value, and disposed of at market value.</td></tr>
<tr><td><u>Capital Allowances</u></td><td>❖ N/A</td><td><u>Capital Allowances</u></td><td>❖ The purchase of certain assets enables the buyer to obtain <u>tax relief</u> by writing down allowances on the price paid for them.</td></tr>
<tr><td><u>Apportionment of Purchase Consideration</u></td><td>❖ N/A</td><td><u>Apportionment of Purchase Consideration</u></td><td>❖ The consideration will need to be apportioned between the various <u>types of assets</u> acquired.</td></tr>
</table>

	Share Acquisition		Asset Acquisition	
				❖ **<u>Different types of assets will be subject to different tax rules</u>**, depending on the nature of the asset being acquired (e.g., stock treated as income, vs plant and machinery treated as capital), **<u>allowing for flexibility which can be used to gain tax advantages.</u>** ❖ Apportionment must, however, be done on a "fair and reasonable basis". ❖ How the consideration is apportioned is otherwise a matter for negotiation with the seller.
	<u>Acquiring the Tax Position of the Company</u>	❖ The **<u>tax identity of the company continues.</u>** ❖ This is means that **<u>tax liabilities can arise</u>** (and bind the *buyer*) in relation to **<u>activities prior to the sale.</u>** ❖ The buyer will ordinarily **<u>seek an indemnity from the seller against these</u>** in a Tax Deed of Covenant. ❖ The buyer can also potentially take advantage of the company's tax credits; e.g., [s45 Corporation Tax Act 2010] which permits **<u>trading losses to be carried forward and set against future trading profits.</u>**	**<u>Acquiring the Tax Position of the Company</u>**	❖ The buyer has a ***<u>different</u>* <u>tax identity to the seller.</u>** ❖ Therefore, there is **<u>less risk of the buyer being bound by existing tax liabilities.</u>** ❖ However, equally, the buyer will have no ability to benefit from existing reliefs.
	<u>VAT</u>	❖ **<u>Not</u>** generally chargeable on a share sale.	**<u>VAT</u>**	❖ VAT is **<u>chargeable</u>** on the sale of a business ([s4(1), Value Added Tax Act 1994]).

	Share Acquisition		Asset Acquisition	
			Acquisitions, 8.4.4.6	❖ However, there is an ***exemption*** for transfers of the whole or part of a business under Art 5, Value Added Tax (Special Provisions) Order 1995 (SI 1995/1268), but only where this is **"as a going concern".** ❖ The transfer of a business "as a going concern" if in contrast **to the mere transfer of certain business assets.** ❖ In determining whether the sale is of a business as a going concern, regard must be had to all of the circumstances, including: ➢ The **wording of the sale and purchase agreement** (although the label the parties use is not conclusive); ➢ Whether **goodwill** (and the right to use the business name), **contracts** and **customer lists** are transferred; ➢ Whether the **workforce** is transferred; ➢ Whether the **buyer can carry on the same type of activities without interruption**;

	Share Acquisition		Asset Acquisition	
				➢ Where **<u>part of a business is transferred</u>**, whether it is a severable unit, capable of standing on its own. ❖ For the [Art 5]() exemption to apply, two conditions must also be satisfied: ➢ The buyer must use the assets in the **<u>same kind of business</u>** as that carried on by the seller with no significant break; and ➢ The buyer must be a taxable person, or **<u>become a taxable person as a result of the transfer.</u>**
	<u>Stamp Duty</u>	❖ Is charged at a rate of 0.5% of the purchase price rounded to the nearest £5.	**<u>Stamp Duty</u>**	❖ Generally, **<u>not payable as Stamp Duty is only paid on dutiable assets</u>** i.e., chiefly shares. ❖ Stamp Duty Land Tax may, however, be payable on an acquisition of land.

Pros and Cons of Share and Asset Acquisitions

Overview	❖ This note consolidates the various pros and cons of share acquisitions and asset acquisitions, organising them by the ***type of acquisition*** rather than the party involved.

Share Acquisition – Pros and Cons

Pros	Cons
❖ **Clean break** for the seller – they transfer all liabilities to the buyer.	❖ All **liabilities of the business transfer** to the buyer. This includes any unknown liabilities. Con for the buyer.
❖ **Simple** and easy to transfer title – just requires a stock transfer form.	❖ The **scope of warranties and due diligence will generally be wider** for share acquisitions as the seller is transferring all liabilities. ❖ May be more costly and time consuming.
❖ For the buyer: **trade continuity** – the business continues as a going concern. Less disruptive.	❖ **Increased regulation**. ❖ Share acquisitions are regulated activities under [FSMA 2000].
❖ **Tax consequences are straightforward** and there is **no "double taxation"** unlike with asset acquisitions. ❖ In an asset acquisition: ➢ The selling company incurs a Corporation Tax charge. ➢ The selling shareholders may then also be charged to tax on the proceeds of sale.	❖ Can be **more difficult for the buyer to secure finance.** ❖ If the target is a public company, lenders will be prohibited from taking charges over assets as they will be deemed to be financially assisting a company purchasing its own shares, and fall foul of insider dealing legislation.
❖ **VAT is not generally chargeable** – advantage for the buyer.	❖ **Shares do not qualify for roll-over relief**. Disadvantageous for the seller.
	❖ Disadvantageous tax consequences for the buyer including: ➢ There will generally be a **higher CGT charge** because shares are deemed to be acquired by the buyer at the cost for which they were *originally acquired by the company*. ➢ **No capital allowances** are available – only buyers of *assets* can obtain tax relief by writing down certain assets. ➢ **No ability to apportion the purchase consideration** between different types of assets to secure a tax advantage. ➢ **Stamp duty is payable** by the buyer.

	➢ The **buyer will be bound by existing tax liabilities.**

Asset Acquisition – Pros and Cons

Pros	**Cons**
❖ The buyer can "cherry pick"; i.e., it can **choose which assets and liabilities** it wishes to acquire.	❖ The seller **retains liability for all debts and obligations** of the business.
❖ Scope of **warranties will generally be narrower than on a share acquisition.**	❖ **Administratively complex** to transfer a large number of assets separately.
❖ **Not a regulated activity**.	❖ Asset transfers may require **third-party consent** which may not be forthcoming or may be time consuming to acquire.
❖ The buyer can offer **assets of the target as security for a loan** to finance the transaction.	❖ Tax consequences are **more complicated**. ❖ There is, additionally, the potential **double taxation** for the sellers. In an asset acquisition the selling ***company*** incurs a corporation tax charge, and the selling ***shareholders*** may then also be **charged to tax on the proceeds of sale.**
❖ The sellers will **benefit from roll-over relief** on CGT charges if they buy replacement assets.	❖ The business **does not transfer as a going concern**. ❖ Suppliers may be prompted to **review their relationships.**
❖ **There are advantageous tax consequences** for the buyer including: ➢ Assets such as land have a **higher base cost for CGT**, which reduces the overall capital gain. ➢ The buyer can **benefit from capital allowances** (i.e. writing down certain assets to obtain tax relief). ➢ The buyer can **apportion the consideration** between assets to secure a potential tax advantage. ➢ There is **less risk of the buyer being bound by existing tax liabilities** than on a share sale. ➢ There is **no stamp duty.**	❖ **VAT is chargeable**. This is a disadvantage for the buyer.