



Restructuring Tax Services

Alvarez & Marsal Tax offers a team of highly experienced professionals who routinely advise on restructuring tax matters. Alvarez & Marsal Tax can identify potential sources of value (and risk) and support the implementation of tax planning strategies throughout each stage of the restructuring process.



Pre-Restructuring

Potential effect of significant debt modifications on cancellation of debt income (“CODI”) and cash tax liabilities. *Items to consider:*

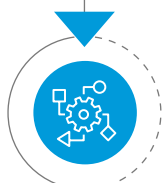
- Amendments to credit agreements
- Consent fee payments
- Rate or maturity changes
- Restructuring support agreements



Restructuring

Tax considerations of an out-of-court solution vs an in-court chapter 11 process. *Items to consider:*

- 1st day Tax Motions (Equity/Debt Trading Orders)
- Cash tax liabilities
- “Hidden” tax opportunities (harvesting losses)
- Impairment of tax attributes
- Tax attribute analysis (e.g., NOLs)
- Offering tax opinions & private letter rulings (PLR) to substantiate
- Tax attribute analysis (e.g., NOLs)
- Taxable (Bruno’s Transaction, etc) vs. Non-Taxable (Debt for Equity) emergence structure



Post-Restructuring

Tax reporting & substantiation. *Items to consider:*

- Future cash retention opportunity
- Launching Fresh Start Accounting
- Leveraging Tax Sharing Agreements (TSA)
- Managing go forward compliance and provision
- Optimizing new capital structure for tax benefits
- Providing interim tax department services

Why A&M Restructuring Tax Services? Premier Expertise & Approach



Provide Competitive Edge – Offers global tax restructuring services.



Navigate Complexity – Detects and mitigates tax risk to the company and external stakeholders.



Create Value – Maximizes cash retention and preserves tax attributes.



Counsel – Provides analytical and modeling support complementing tax counsel on planning and structuring strategy.



Leverage Restructuring Experts – Serves as a specialized extension of existing tax providers and enhances capabilities to optimize tax assets during a restructuring.

Restructuring Tax Services



Case Study Significant Modification Analysis

- **Challenge:** Distressed company negotiating a forbearance agreement was uncertain whether the proposed terms would produce unwanted cash tax exposure and fungibility issues.
- **Solution:** Our Restructuring Tax Services team quickly rendered a sensitivity analysis highlighting illustrative cash taxes under multiple scenarios and separately advised Debtor's counsel on the maximum consent fee allowable to avoid a significant debt modification for tax purposes, which could trigger a taxable event. With the timely analysis, Debtor was successful in negotiating a significantly lower consent fee and avoided potential cash tax obligations and fungibility issues to its creditors.



Case Study Minimized the Impact of the Section 382 Limitation

- **Challenge:** Debtor's billions of dollars in NOL carryforwards and built-in losses would be severely limited by section 382 upon emergence from bankruptcy.
- **Solution:** Our Restructuring Tax Services team assisted with efficiently structuring the reorganized business emergence through complex tax planning and analysis thereby minimizing the impact of a section 382 ownership change limitation. Valuable NOLs could then be used to offset post-emergence income and facilitate significant retention of cash that would have otherwise gone towards tax payments.



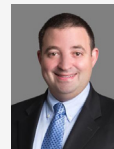
Case Study Post-Restructuring Advisory

- **Challenge:** Debtor emerged from bankruptcy and its internal tax department was unequipped to contend with post-restructuring tax issues.
- **Solution:** Our Restructuring Tax Services team directly advised Debtor's CFO and VP of Tax on efficient tax planning strategies and elections, provided a tax department assessment, modeled the tax impact of strategic dispositions, and supported Debtor in maintaining tax compliance.

Contact Us



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