



ACQUISITIONS (FROM THE BUYER'S PERSPECTIVE) Tax treatment of different acquisitions What are the differences in tax treatment between an acquisition of stock in a company and the acquisition of business assets and liabilities? Taxable acquisitions - Stock acquisitions All assets and liabilities of the target as they exist immediately prior to the closing are assumed in the transaction. The acquirer receives a basis in the target stock acquired equal to the purchase price. Absent a section 338(h) (10) election as described below, there is no step-up in the basis of the target's underlying assets and, consequently, no opportunity to utilise the purchase price paid to generate higher depreciation deductions on the target's assets. In general, sellers prefer stock sales d.....