



# **M&A TAX AND REGULATORY**

## **AN OVERVIEW**

BDO INDIA  
2025

India is one of the most promising investment destinations worldwide. With growing opportunities and associated challenges, businesses are pacing to keep up with a rapidly growing economy that is opening up to international players. Doing business in India is rapidly undergoing a significant change driven by innovation, giving rise to new business avenues and disrupting stable markets. There is a paradigm shift in the perception of investors towards India which resonates with the changing demands of India Inc. This transformation has made the transactions and M&A space volatile, competitive and far more challenging.

Each transaction and M&A activity needs to be structured appropriately keeping the ever-evolving tax and regulatory considerations in mind.

At BDO India, each mandate involves interactions with partners, who have extensive experience in working on similar assignments. We offer organisations end-to-end advice and support through each transaction, ensuring effective execution at every stage.

### CORPORATE STRUCTURING

Organisations often undertake corporate structuring for varied reasons such as M&A, fundraising, realigning the group/ business structure, optimising tax structure, etc. We help organisations with:

- ▶ Conceptualising and advising on internal group restructuring including by way of mergers/ demergers/ hive-offs/ capital reduction/ buy-back/ minority exits, etc.
- ▶ End-to-end assistance in implementing the desired structure from a tax and regulatory perspective (corporate law, foreign exchange regulations, securities law, etc.)
- ▶ Assistance in obtaining regulatory approvals
- ▶ Post-transaction compliances and filings
- ▶ Incorporation of a legal entity and obtaining registrations
- ▶ Liquidation/ closure of an entity

### CROSS BORDER TRANSACTIONS

Cross-border transactions include the transfer of money/property/businesses etc. between two different jurisdictions which can raise a host of regulatory concerns and compliances like tax considerations, regulatory approvals/compliances, etc. At BDO India, we with our global insights and expertise, can advise and assist in various cross-border transactions. The landscape of our service offerings encompasses the following:

- ▶ India entry advisory & assistance in setting up an entity
- ▶ Inbound/Outbound investment structuring
- ▶ Funding options for cross-border investments/acquisitions
- ▶ Compliance reporting obligations

### M&A DEAL ADVISORY AND SUPPORT

Every M&A transaction needs to be conducted efficiently without hitting any regulatory roadblock and optimising associated costs such as tax, stamp duty, etc. At BDO India, we advise clients on their M&A transactions and support them till the transaction culminates, ensuring that the advice is effectively implemented. We support organisations with:

#### For M&A transactions

- Buy-side/ Sell-side transaction structuring advice from a tax and regulatory perspective
- Review of transaction documents
- Assistance in discussions on tax indemnities, deferred payment consideration, representation and warranties, issuing tax opinions, etc.
- Tax due diligence services (acquisition and vendor)
- Secretarial due diligence
- Post-deal transaction advisory to simplify investee entity's structure - realignment of businesses and entities

#### In relation to Stressed M&A transactions

- Structuring of stressed assets acquisitions/acquisitions under Corporate Resolution Insolvency or Liquidation process
- Assistance for Resolution Plan/Scheme of Arrangement
- Advising Committee of Creditors/Resolution Professional on tax and regulatory aspects of the Resolution Plan
- Health check of regulatory compliances from the perspective of Companies Act, SEBI, Income-tax Act and Foreign Exchange Management Act
- Liquidation implementation

### EXCHANGE CONTROL & REGULATORY SERVICES

India is yet to reach full capital account convertibility. As a result, foreign exchange transactions, be they capital accounts or current accounts, are regulated and monitored by the Reserve Bank of India. With the rapidly evolving business dynamics, it is equally important for corporates to ensure compliance to the exchange control requirements. Failure to do so, could not only lead to monetary implications for the company and its senior management but can also lead to reputational loss. Further, there are certain regulatory approvals/licenses required for certain activities such as Non-Banking Financial Companies (NBFCs), Payment Gateway, Payment Aggregators, Alternate Investment Fund (AIFs), Mutual Funds, Housing Finance Companies (HFCs), not-for-profit entities, etc. Further, foreign investment in certain sectors/situations requires prior approval from regulators

At BDO India, we advise clients on the regulatory requirements as well as assist in obtaining necessary approvals and undertaking compliances. The landscape of our service offerings encompasses the following:

- ▶ Obtaining regulatory approvals and registrations for the formation of NBFC, AIFs, ARCs and HFCs from relevant regulatory authorities like RBI, SEBI, etc.
- ▶ Exchange control advisory and compliance assistance
- ▶ Corporate law advisory and compliance assistance
- ▶ Securities law advisory and compliance assistance
- ▶ Regulatory Health check reviews and assistance on compounding processes to regularise non-compliances
- ▶ Entity setup including the corporatisation of entities

### PROMOTER RESTRUCTURING & SUCCESSION PLANNING

Proper & well-thought succession planning is an important aspect for business entrepreneurs to ensure smooth passing on of business & wealth to next generations in the desired manner. At the same time, ring-fencing of personal assets from business contingencies is important given the dynamic nature of business encompassing uncertainties. At BDO India, we collaborate closely with promoters and their family offices and function as their trusted advisors, in restructuring the group as well as planning for the succession, keeping in mind the key objectives as well as tax and regulatory considerations. The landscape of our service offerings encompasses the following:

- ▶ Advisory and implementation of tax-effective succession planning for dissecting management from ownership while retaining reporting to stakeholders and devising tax-effective income pay-out mechanics for core family members/beneficiaries
- ▶ Promoter shareholding realignment
- ▶ Tax effective consolidation of entities/realignment of business through internal restructuring
- ▶ Pre-IPO restructuring

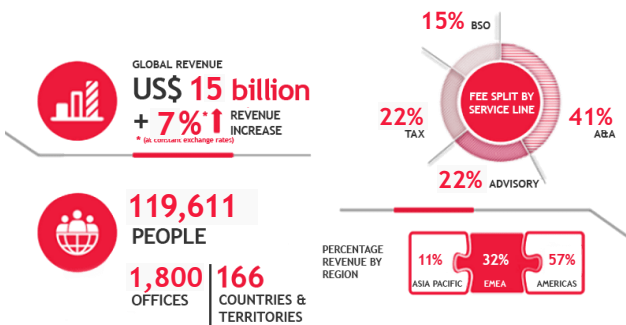
### ESOP

ESOP is a qualified and well-defined corporate strategy for retaining and motivating employees. An ESOP structure can be a powerful business model to achieve ownership transition and liquidity for shareholders while creating a benefits plan that aligns the incentives of the employees with that of the company. At BDO India, we assist companies in devising ESOPs or similar employee reward schemes. The landscape of our service offerings encompasses the following:

- ▶ Strategic Planning - Devising an appropriate Employee Incentive Plan/ similar plan such as Phantom stock plan
- ▶ Implication overview for a company as well as employees (impact on EPS, books of accounts, reserves, tax, and disclosure requirements)
- ▶ Implementation assistance and statutory compliances

## ABOUT BDO GLOBAL

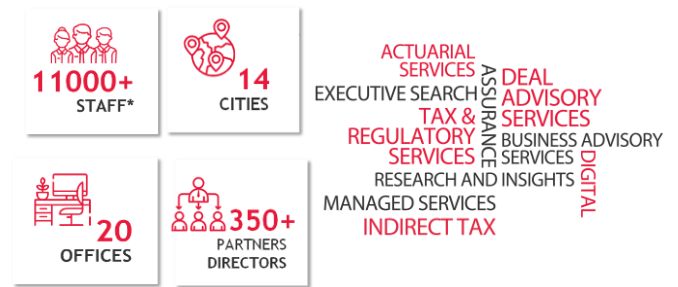
BDO is an international network of independent public accounting, tax and advisory firms. We support organisations with an unwavering focus on quality, industry expertise, and the innovative use of technology to deliver impactful solutions. Our commitment to people, clients, and communities is at the core of everything we do. With our people-first culture, we foster an environment where diversity thrives, growth is nurtured, and continuous learning drives lasting progress for a sustainable future.



\*As of September 2024

## ABOUT BDO INDIA

BDO India offers Assurance, Tax, Advisory, Technology Products & Solutions, Digital Transformation, and Managed Services & Outsourcing to domestic and international clients across various industries. Bringing together expertise, innovatively driven and delivered through technology, we empower businesses to navigate their unique challenges with transformative, impactful, client-centric solutions. The team in India comprises over 11,000\* professionals, led by more than 350 Partners and Directors, operating out of 20 offices across 14 key cities.



\*Includes employees from BDO RISE and BDO EDGE

## OUR SERVICES

### ASSURANCE

- Financial Statement Audit and Attestation Services

### MANAGED SERVICES

- Accounting Advisory
- Compliance Management
- Finance & Accounting
- Human Resource Outsourcing (HRO) and Payroll
- Tax Compliance

### BDO EXECUTIVE SEARCH SERVICES

- Board Services
- Executive Assessments
- Executive Search
- Forensic Talent Diligence
- HR Advisory

### TAX

- Customs & International Trade
- Goods & Services Tax (GST)
- Indirect Tax Assessment & Litigation Assistance
- Incentives & ESG
- Tax Technology
- Corporate Tax Services
- Financial Services Tax
- Global Employer Services
- International Tax Services
- Private Client Services
- Tax Outsourcing
- Transfer Pricing

### BDO DIGITAL

- Digital Services
- Technology Products and Solutions

### ADVISORY

- Actuarial Services
- Forensics
- Government Advisory
- IT Risk Advisory & Assurance
- Management Consulting
- Risk Advisory Services
- Sustainability & ESG
- Business Restructuring Services
- Corporate Finance and Investment Banking
- Deal Value Creation Services
- Financial Due Diligence
- M&A Tax and Regulatory
- Strategy & Commercial Due Diligence
- Valuations
- Research & Insights

Ahmedabad | Bengaluru | Bhopal | Chandigarh | Chennai | Coimbatore | Delhi | Goa | Hyderabad | Kochi | Kolkata | Mumbai | Pune | Vadodara

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO India Services Private Limited to discuss these matters in the context of your particular circumstances. BDO India Services Private Limited, its directors, promoters, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication, and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO India Services Private Limited or any of its directors, promoters, employees or agents.

BDO India Services Private Limited, a private limited company incorporated in India, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member entities.

BDO is the brand name for the BDO network and for each of the BDO Member Entities

Copyright © 2025 BDO India Services Private Limited. All rights reserved. Published in India.

Visit us at [www.bdo.in](http://www.bdo.in)

