

INDIRECT TAX ADVISORY · M&A CONTINGENT TAX LIABILITIES

# The Tax Liability in Your Deal Won't Find Itself.

*Buy-side and sell-side indirect tax due diligence — quantifying Sales & Use Tax contingent liabilities before they become the acquirer's problem.*

Unresolved Sales & Use Tax liabilities don't disappear at close — they transfer. Under ASC 450-20, contingent tax liabilities must be identified within one year of acquisition and are typically written off to goodwill. Exactera quantifies what's there before the deal closes, and resolves it after. **Verified by Design.**

## OUR APPROACH

### 01

#### Identify the Exposure

We analyze the target's transaction history to identify nexus, unfiled obligations, and successor liability rules — delivering a dollar-figure exposure by state before the deal closes.

### 02

#### Apply ASC 450-20

We quantify probable and estimable SUT liabilities per ASC 450-20 — tax, interest, and penalties by jurisdiction — with methodology documentation ready for the diligence data room.

### 03

#### Deliver the Diligence Report

Risk-tiered findings, liability summaries by jurisdiction, and resolution paths — built for deal teams and post-close integration. AI-powered. Verified by Design.

## WHO WE SERVE

- Private equity and strategic acquirers conducting buy-side diligence on targets with U.S. SUT exposure
- Sell-side companies preparing to transact and needing to resolve indirect tax liabilities
- Corporate M&A teams managing post-close ASC 450-20 compliance

M & A INDIRECT TAX SERVICES

<p><b>01 Pre-Close Exposure Quantification (Buy-Side)</b> Full SUT exposure analysis on the target — nexus, unfiled obligations, and estimated liability by state — before the deal closes and successor liability attaches.</p>	<p><b>02 ASC 450-20 Contingent Liability Documentation</b> Probable and estimable indirect tax liabilities quantified and documented per ASC 450-20 — written off to goodwill, identified within one year of acquisition date.</p>
<p><b>03 Sell-Side Liability Clean-Up (Pre-Transaction)</b> We help sell-side companies identify and resolve outstanding indirect tax liabilities before a deal process — reducing diligence risk and improving deal certainty.</p>	<p><b>04 Voluntary Disclosure Agreements (Post-Close)</b> We manage state VDA programs to resolve acquired liabilities after close — often with penalty waivers and limited lookback periods before audit contact is made.</p>
<p><b>05 Product Taxability Reviews (Target Company)</b> Determine the taxability of the target’s product and service catalog across all exposed jurisdictions — a critical input to accurate exposure quantification.</p>	<p><b>06 Audit Defense (Successor Liability)</b> If an acquired liability triggers a state audit, we provide experienced representation with transaction-level workpapers and documented positions built on your specific facts.</p>
<p><b>07 Economic Nexus Studies (Target Company)</b> State-by-state nexus analysis of the target’s sales activity — identifying where SUT obligations exist, where registration has lapsed, and where the acquirer will inherit exposure.</p>	<p><b>08 Post-Close Integration: Forward Compliance</b> Once the liability is resolved, we build the data infrastructure and compliance framework for the combined entity — so inherited problems don’t become recurring ones.</p>
<p><b>09 Letter Rulings (Post-Acquisition Taxability)</b> Formal written taxability determinations from state authorities on the combined entity’s products and services. These rulings carry equal legal weight regardless of firm size — and eliminate forward uncertainty.</p>	

**WHY EXACTERA**

*M&A indirect tax is high-stakes and time-compressed. We bring practitioners who have quantified, documented, and resolved contingent SUT liabilities across hundreds of transactions — combined with AI-powered analysis that delivers deal-ready outputs without sacrificing defensibility.*

**Know what you’re buying before you close.**

Let’s start with the target’s exposure.

**Verified by Design.**

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