

Financial legal aspects of mergers and acquisitions in private equity

Abstract

This diploma thesis is focused on selected financial legal aspects of mergers and acquisitions in private equity. First, it analyzes the concept of private equity as a specific area of medium-term or long-term investments made by holding companies or investment funds in the sense of Act No. 240/2013 Coll., on Management Companies and Investment Funds. The next part deals with the term of mergers and acquisitions, a contemporary phenomenon, in the context of the Czech legal system. This part of the thesis further describes the individual steps of the standard acquisition process. This is followed by another section dedicated to derivatives. The diploma thesis first introduces the general characteristics of derivatives, followed by topics such as accounting of derivatives, introduction of embedded derivatives, characteristics of equity derivatives and then by the practical part, which deals with mechanisms in transaction documentation fulfilling the features of the embedded derivatives. Furthermore, the thesis focuses on the European regulation of derivatives, specifically the Regulation of the European Parliament and the Council (EU) No. 648/2012, on OTC derivatives, central counterparties and trade repositories and unclear issues related to it. The last part discusses the tax aspects of mergers and acquisitions. In the part of mergers, the work deals mainly with the transfer of tax liability in terms of individual relevant taxes. Subsequently, the thesis analyzes the tax consequences of share acquisitions and asset acquisitions. In the case of asset acquisitions, the emphasis is on the transfer of business establishment and its tax specifics. The tax issues for share acquisitions are focused on income tax and its differences for legal entities and individuals, especially on the institute of tax exemption. As the last topic, the thesis mentions the issue of international double taxation.

Key words: mergers and acquisitions, derivatives, taxes