

Book Review: CORPORATE TAXATION THROUGH THE LENS OF MERGERS & ACQUISITIONS, INCLUDING CROSS BORDER TRANSACTIONS, by Samuel Thompson

Reviewed by Patrick Hoehne • Wood & Porter • San Francisco

For me, reading Professor Sam Thompson's corporate taxation book, CORPORATE TAXATION THROUGH THE LENS OF MERGERS & ACQUISITIONS, INCLUDING CROSS BORDER TRANSACTIONS, brought back law school memories. I'd sit in Thompson's class at UCLA waiting for him to enthusiastically shout out "Mr. Hoehne, what did the court hold? Why? What are the implications?" Thompson's enthusiasm and passion filled his classroom. So, too, with his latest book.

Thompson has written a comprehensive yet easy-to-follow book revolving around taxable and tax-free mergers and acquisitions. While the book was written with the law student in mind, neophyte and seasoned tax practitioners alike will likely rely on his work to understand the intricacies of M&A from a federal and international tax perspective.

The book is divided into four parts. Part I provides an overview of basic corporate tax principles and an introduction to taxable and

tax-free mergers and acquisitions. Part II focuses on taxable asset and stock acquisitions, with an emphasis on the effect of net operating losses on a transaction. Part III encompasses the requirements of Code Sec. 368 to account for a stock or asset transaction as a tax-free reorganization. Finally, Part IV covers miscellaneous topics, including the use of partnerships in M&A, bankruptcy restructuring and general M&A tax policy.

Thompson's book is not coffee-table book reading. Rather, I found myself armed with a pen and paper, and continually jotting down the various tax structures. So, if you keep this book at your bedside, keep a pad and pen handy too. While not light reading, the format of the book allows readers to ease gradually into the complexity of M&A.

Thompson starts with a high-level overview of the basic concepts of corporate taxation, such as gain recognition and tax basis issues. Then, he delves deep into the intricacies of taxable and tax-free mergers and acquisitions, including the consolidated return regulations. He uses diagrams throughout the book to illustrate various reorganizations. I found the diagrams particularly helpful in understanding cross-border acquisitive reorganizations.

Thompson uses case law that has been succinctly edited to illustrate various corporate

tax concepts. In fact, most of the cases in the book are divided into easy-to-follow categories, including background, facts, analysis (issues) and a conclusion. Following many of the cases, and sprinkled elsewhere throughout the book, Thompson has posited questions to the reader to further hone the students' understanding of the federal taxation concepts prevailing in the M&A milieu. (I searched in vain for an answer key to the questions, and later discovered that a teacher's manual is available online.)

To provide further insight into the history of the Treasury Regulations and the Internal Revenue Code involving M&A transactions, Thompson has included legislative history. That historical perspective shows the vicissitudes of our system and the many shifts in federal tax policy. Thompson concludes the book with a critique of President Bush's plan to eliminate the tax on dividends.

I highly recommend Thompson's *CORPORATE TAXATION THROUGH THE LENS OF MERGERS & ACQUISITIONS* to any M&A tax professional. Thompson has done a superb job of translating the often incomprehensible tax code into language that a student or beginning tax professional can understand. It is available from Carolina Academic Press for \$110.00 (www.cup-press.com).

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