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TAX IMPLICATIONS IN MERGERS & ACQUISITION DEALS

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Abstract

This paper is a critical analysis of the concept of mergers, amalgamations and demergers in the framework of the Indian corporate and tax laws and in both the Companies Act, 2013 and the Income Tax Act, 1961 the notion of merger is not precisely defined statutorily. Even though academic and commercial use of the terms merger, acquisition and amalgamation have been used interchangeably, the income tax act clearly outlines the meaning of amalgamation and demerger as used by the tax system, and the various statutory requirements may be applied accordingly. The Companies Act, 2013, in turn, with the help of the Sections 230-240, regulates the mechanisms of corporate restructuring, but does not explicitly define these terms, thus, taking a more liberal regulatory paradigm. Accounting Standard14 further classifies amalgamations into mergers and acquisitions in order to make financial reporting.

The article also emphasizes that tax-related issues are not merely compliance requirements but major forces influencing the value in a transaction during mergers and acquisitions ("M&A"). How a transaction is characterized and how it is designed directly impacts on the general cost and profitability of the transaction as well as the long-term financial sustainability of the buyers and sellers. Strategic tax structuring requires walking the multi-tiered system that covers direct taxes like the capital gains and deductions, deductions like the Goods & Services Tax ("GST") and the stamp duty, and complexities that come with the cross-border transactions under the law of Foreign Exchange Management Act ("FEMA") and Securities and Exchange Board of India ("SEBI") laws. Tax planning has become one of the crucial elements in domestic and international dealings in a fast-growing Indian M&A market. The article finds that it is urgent that proactive and integrated tax structuring is done to reduce risks, maximize tax benefits, ease

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the flow of losses and depreciation, and maximize post-tax returns to all the stakeholders concerned.

Keywords

Capital Gains Tax, Slump Sale, Asset Purchase, Withholding Tax, Fast-Track Merger Mechanism, Indirect Transfer, Amalgamation, GST in M&A, Double Taxation Avoidance Agreement ("DTAA").

Introduction

The word "merger" is not defined under either the Companies Act, 2013 or the Income Tax Act, ("ITA / IT Act") 1961. However, in academic parlance, the words merger/acquisitions and amalgamations are used very loosely and synonymously. Under the IT Act, 1961, the words "amalgamation" and "demerger" find explicit mention. Under the IT Act, 1961, "amalgamation" means the merger of one or more companies with another company to form one company in such a manner that the conditions mentioned in the Act are satisfied. Similarly, a "demerger" is defined as the transfer of one or more undertakings to any resulting company under a scheme of corporate arrangement described in Sections 230[2] to 240[3] of the Companies Act, 2013 in such a manner that it conforms to the conditions mentioned therein. Despite being a voluminous piece of legislation, the Companies Act, 2013 fails to accommodate terms such as "merger" or "amalgamation."

However, Sections 230 to 240 of the Companies Act, 2013 provide for the different means of corporate restructuring which involves both mergers and acquisitions. Thus, the Companies Act, 2013 did not strictly define the term "merger" or "amalgamation, "but brought the concept under the broader ambit of corporate restructuring."[4] Likewise, in the mandatory accounting standard 14 (AS-14) [5] amalgamation refers to an amalgamation under the Companies Act, 1956 or any other law that applies to corporations. This standard offers two techniques of amalgamation, one of them being a merger and the other being an acquisition.

[2] Companies Act, No. 18 of 2013, § 230.
[3] Companies Act, No. 18 of 2013, § 240.
[4] *Tax Implications of M&A,"* UJA (Blog), UJA, https://uja.in/blog/features-articles/tax-implications-of-ma/ (last visited Sept. 23, 2025).
[5] Institute of Chartered Accountants of India, Accounting Standard (AS) 14: Accounting for Amalgamations (2001).

ISSN: 2582-6433

Tax formatters are not merely a compliance burden in the complex and dynamic environment of Indian mergers and acquisitions (M&A), but one of the main drivers of strategic deal value. Tax characterization of a transaction may strongly affect an aggregate cost of the transaction, profitability and financial viability of the transaction to both the seller and buyer. In this field, one needs to be skilled in using a multi-layered compliance framework that includes direct taxes (i.e. capital gain taxes, deductions) and indirect taxes (i.e. GST and stamp duties) as well as the complications of cross border transactions.[6] The deal structure (i.e. share purchase, asset purchase and/or statutory amalgamation) is essentially a tax decision. Each structural option comes with unique benefits and returns for the parties involved. This article addresses these important issues through an analysis of the relevant law, practical examples in jurisprudence, and proposed strategies for practitioners to mitigate risks and uncover hidden value. The analysis will show that the best and most defensible M&A outcome will occur when the tax structuring is proactive and integrated into the transaction.

The Indian M&A market has developed at a rapid pace, owing to the availability of capital and in response to strategic consolidation. It has spotlighted tax planning as perhaps the most critical component in the transaction process in the context of startups acquiring smaller companies, to large cross-border acquisitions, tax is a key dimension of every transaction. The tax consideration affects not merely the cost of the transaction but also the tax depreciation benefits available, the transfer of tax losses and the tax profile of the merged company in future years.

The legal regulation of M&A in India is complex, with the Income tax act, 1961 forming the key legislation. This act provides the basis for capital gains tax for transfers of assets and the deductibility of expenses. The regulating legislation for mergers, de-mergers and other forms of corporate restructuring (often with the approval of the National Company Law Tribunal ("NCLT") is found within The Companies Act, 2013. In transactions with listed companies, the SEBI requires strict compliance with laws intended to protect the interests of investors and ensure transparency, while the FEMA regulates matters related to foreign investment and currency exchange related to cross-border transactions. These laws and the bodies that regulate compliance create a complicated, but feasible environment. Strategic tax structuring involves

[6] *Tax Implications of M&A in India: Key Direct and Indirect Tax Considerations for Businesses,"* Corrida Legal, https://corridalegal.com/tax-implications-of-ma-in-india-key-direct-and-indirect-tax-considerations-for-businesses/ (last visited Sept. 23, 2025).

ISSN: 2582-6433

ensuring that the transaction is effectively structured to minimize taxes and ensure compliance with the regulatory environment. This is essential for purposes of risk management, cost savings, and, ultimately, maximizing the post-tax return on investment for transactional parties.

Principles Of M&A Taxation In India: Direct And Indirect Tax Landscape

Capital Gains & Deductions – Direct Tax:

Capital gains taxation is often the most important direct tax consideration for almost any M&A transaction. Tax is charged under the head of "Capital Gains" on profit or gains arising from the "transfer" of a capital asset. "Transfer" is defined broadly in Indian law to include, not just a sale, but also an exchange, relinquishment, or even extinguishment of a right in a capital asset. One important feature of capital gains taxation is to distinguish between short-term and long-term capital gain based on the holding period of the asset.[7] A holding period greater than 12 months qualifies for more beneficial long-term capital gains treatment for listed shares, units of equity-oriented mutual funds, and certain listed securities. In contrast, a holding period of 24 months will qualify as a long-term holding period for unlisted shares and immovable property such as land and buildings. This distinction often impacts the seller, as long-term gains are frequently taxed lower than short-term, and even are capped with respect to certain surcharges resulting in a more efficient tax exit.

Besides classification, the value of transferred shares is a significant consideration. If the shares transfer for a value lower than the prescribed minimum price, and the difference is more than 50,000 rupees, then taxes will apply for the buyer and seller. The buyer will have the difference taxed as "Income from Other Sources" while the seller will treat the prescribed minimum price amount as the sale price to calculate capital gains. This clause would ensure transactions are not underpriced to avoid taxes, thereby emphasizing the importance of a clear and documented valuation. Another area of complexity involved in direct tax planning relates to the deductibility of transaction costs. In general, sellers cannot claim deductions in relation to the sale of their shares or other assets, but in special circumstances related to the approval entitled to some legal and advisory expenses depending on the nature of the deal.

One ambiguity that has been pending in a slump sale, with regard to the deductibility of the

[7] Amit Jain, Tax Considerations in Cross Border M&A: An In-Depth Overview of the Indian Landscape, BTG Advaya (Oct. 11, 2024), https://www.btgadvaya.com/post/tax-considerations-in-cross-border-m-a-an-in-depth-overview-of-the-indian-landscape.

ISSN: 2582-6433

expenses relating to the transfer, was finally resolved in the case of Larsen and Toubro[8] at the Mumbai Income Tax Appellate Tribunal ("ITAT"). The tribunal held that legal fees, consultancy fees and all other expenses incurred in a slump sale are deductible costs in arriving at capital gains in Section 50B[9] of the Income-tax Act. The rationale behind the ruling was that the tribunal stipulates that though the cost of an acquisition is entrenched in the Section 50B, it is not disjunctive with the Section 48,[10] which permits deduction of expenses merely linked to the transfer.

The ruling is noteworthy for M&A practitioners as it reconciles two competing sections of the capital gain tax regime, and delivers a clear ruling that gives sellers comfort in claiming such deductions and lowers their effective tax rate. This ruling is indicative of the role judiciary play to interpret tax laws and to shape the tax landscape to be reflective of economic realities.[11]

Transactional Costs and Indirect Tax:

While the focus often lies on direct taxes, the impact of indirect taxes and related transaction costs can alter the overall financial picture of a transaction. The most notable difference for GST is the distinction between share purchases versus asset purchases. Share transfers aren't usually a taxable supply for GST purposes. However, business assets are "supplies", and are liable for GST when transferred. There is an exception when a business is transferred as a "going concern", this transfer is not subject to GST. This exemption is a crucial part of tax structuring, where the business unit is transferred with its assets and liabilities and without or limited GST mechanism, the business should operate independently and continuously without interruption post-transfer.[12]

In addition, stamp duty is a large non-deductible cost. Different states have laws which impose a duty when immovable property and other assets are transferred at different rates, and have different processes and even titles for imposing the duty. This cost becomes relevant to transactions with a heavier asset base, primarily real property acquisitions as the stamp duty

[8] DCIT 2(2), Mumbai v. Larsen & Toubro Ltd., I.T.A. No. 6972/Mum/2013.
[9] Income Tax Act, No. 43 of 1961, § 50B.
[10] Income Tax Act, No. 43 of 1961, § 48.
[11] Amit Jain, Tax Considerations in Cross Border M&A: An In-Depth Overview of the Indian Landscape, BTG Advaya (Oct. 11, 2024), https://www.btgadvaya.com/post/tax-considerations-in-cross-border-m-a-an-in-depth-overview-of-the-indian-landscape.
[12] PKC Desk, Tax Structuring in Indian M&A Deals: Must Know FACTS!, PKC Management Consulting (Jan. 22, 2025), https://pkcindia.com/blogs/tax-structuring-in-indian-ma-deals/

ISSN: 2582-6433

will sometimes be in the crores of rupees, significantly impacting cash flow and a valuation perspective.[13] The obligation to make payment for the stamp duty is usually a negotiation between the buyer and seller, but importantly, if the stamp duty is not dealt with in the transaction documents, there is potential for disagreement and/or dispute once the transaction is done. The important thing to note about the stamp duty is that it is not a recoverable cost like income tax or any other tax and does carry a cash out lay effect in the transaction process. It is therefore important for both parties, seller and buyer, to keep the stamp duties on their radar when they are engaged in planning and valuation.

Tax Implications Of M&A Structuring: Acquisition To Amalgamation

Asset Purchase v. Share Purchase:

A cornerstone distinguishing between an asset purchase and a share purchase often hinges on fundamentally opposing tax interests in transactions between a buyer and a seller (and similarly between the parties' advisers). An asset purchase is usually more tax-favorable for the buyer. The key tax advantage for the buyer is the ability to reset the tax basis of the acquired assets to the purchase price, which is helpful for tax depreciation and amortization deductions related to the assets in the future.[14] This includes depreciation for tangible assets and amortization for intangible assets such as goodwill. An asset purchase also allows the buyer further protection against unknown liabilities of the target company, which do not automatically transfer without an assumption of the liabilities by the buyer. Conversely, sellers do not usually achieve optimum tax treatment from an asset purchase, as sellers will likely incur capital gains tax on each individual asset sold, and could ultimately incur a total higher tax burden as a result.

On the other hand, sellers typically prefer a sale of shares. As a general statement, sellers are typically subject to capital gains tax when selling shares, with the taxes typically being very favorable, particularly when the shares are long-term holdings. For a buyer, a sale of shares is not as favorable tax-wise because the buyer will not get a stepped-up basis in the assets which is often available in an asset purchase. However, the buyer does, as part of its ownership in the shares, also succeed to any existing tax attributes of the target company, including any losses and/or depreciation that were not utilized. This can be extremely beneficial if the target company has had loss carryforwards that can be utilized against future income of the combined

[13] Ca Aman Rajput, Mergers and Acquisitions in India: Analysis, TaxTMI (Aug. 12, 2025), https://www.taxtmi.com/article/detailed?id=14952.
[14] *Supra*, Note 3.

ISSN: 2582-6433

company.

Corporate Restructuring via Statutory Routes:

Under the Income Tax Act, 1961, statutory mergers or amalgamations are often regarded as the most tax-efficient option for corporate restructuring, subject to a number of restrictive conditions. The tax structure can be tax-neutral, meaning that the transfer of assets and liabilities happens without incurring capital gains tax, and similar tax neutrality occurs with respect to the exchange of shares to shareholders of the merging company. The tax neutrality is dependent on various conditions, and in particular, the transfer of all assets and liabilities as well as the requirement that the shareholders with at least 75% in the amalgamating company become shareholders in the amalgamated company. This structure also allows the amalgamated company to carry forward and set off all accumulated losses as well as unabsorbed depreciation of the amalgamating company, under section 72A,[15] which is also a very valuable benefit.

Demergers, which involve a company splitting its business into a new company, also could be tax-free if certain requirements of Section 47 of the Income Tax Act are satisfied. This includes a tax-free transfer of both the assets and liabilities from the demerged company to the new company. A high-profile and very visible example was the demerger of Jio Financial Services ("JFS") from Reliance Industries Limited ("RIL"). The actual demerger was not a tax event for RIL or its shareholders, given Section 47.[16] To the shareholders, the demerger per se did not matter the most, but what would be pertinent, as to the basis of cost, of the shares of JFS, when the shares were sold. There may be a critical cost apportionment rule, namely: the original shares of RIL had to be split in the shares of JFS and the shares of RIL (i.e. the remaining shares) in the declared ratio. In this case, the stated ratio was 95.32 of RIL and 4.68 of JFS. Twofold is the cause of this mechanism. Firstly, there is an easy method of calculating capital gains in the case of a sale of the new shares. Second, the holding time on the new JFS shares is to be put in place since the initial date that the RIL shares were bought and the shareholders will be able to sell at the better capital gains tax rate on the long-term basis. This illustrates the real-world application of a complicated tax policy and reinforces the notion of being aware of compliance with the tax rules after the transaction has taken place for personal investors.

A slump sale, which is the transfer of a business "as a going concern" for a lump-sum

[15] Income Tax Act, No. 43 of 1961, § 72A.
[16] Income Tax Act, No. 43 of 1961, § 47.

ISSN: 2582-6433

consideration without affixing specific values for individual assets and liabilities, presents another alternative tax route. This tax structure can benefit sellers by allowing them to report the transaction as a capital gains transaction, rather than an asset sale, potentially resulting in a lower effective tax rate. The capital gains in a slump sale are determined, under the Income-tax Act, Section 50B, by reference to the net worth of the business undertaking. Similarly, the legal and commercial distinction of a slump sale, especially the "going concern" test, is important for GST purposes, as the transaction could otherwise be exempt from liability.[17]

The Labyrinth of Cross-Border Transactions

Cross-border merger and acquisition (M&A) in India entails the further complexity of the tax on indirect transfers of Indian assets. This means that even if the parties are transferring shares of a foreign company, the Indian tax authority can impose capital gains tax if the value of the transferred shares is derived substantially from assets in India. This legal structure greatly expands India's tax jurisdiction and has been contentious internationally.[18]

Perhaps the most notable case involves the ***Vodafone Retrospective Tax***[19] Saga. The dispute arose from Vodafone's 2007 purchase of a controlling interest in an Indian telecom firm, Hutchinson Essar, for 11 billion dollars. The deal was structured to involve a transfer of shares between two unconnected non-Indian entities outside of India – specifically a Special Purpose Vehicle (SPV) located in the Cayman Islands. The Indian tax authorities asserted that the transaction constituted a transfer of a capital asset located in India and demanded over 2 billion dollars in capital gains tax from Vodafone. The case was brought before the Supreme Court of India, which ultimately ruled in favor of Vodafone, holding that the transfer between the two non-resident entities that took place outside India was not subject to the Indian tax jurisdiction.[20]

In an unprecedented action, the Indian government introduced a retrospective amendment to Income Tax Act, through the Finance Act, 2012. This amendment was aimed at overturning

[17] Stefanie Fogel, Angela Agrusa, Maggie Craig & Amy Pressman, India: Does Your Transaction Qualify as a Slump Sale?, DLA Piper (Nov. 21, 2022), https://www.dlapiper.com/en/insights/publications/crossroads-icr-insights/2022/india-does-your-transaction-qualify-as-a-slump-sale.
[18] Amit Jain, Tax Considerations in Cross Border M&A: An In-Depth Overview of the Indian Landscape, BTG Advaya (Oct. 11, 2024), https://www.btgadvaya.com/post/tax-considerations-in-cross-border-m-a-an-in-depth-overview-of-the-indian-landscape
[19] Vodafone International Holdings BV v. Union of India, [2012] 341 ITR 1 (SC).
[20] Tanmay Bhatnagar, Rollback of Retro Tax: A Step in the Right Direction, Lakshmikumaran & Sridharan (Sept. 17, 2021), https://www.lakshmisri.com/insights/articles/rollback-of-retro-tax-a-step-in-the-right-direction/.

ISSN: 2582-6433

the Supreme Court decision, and taxing, through indirect transfers, transactions that occurred as far back as April 1, 1962. This cash grab destabilized the international investment climate, creating significant "uncertainty and unpredictability" for investors seeking to do business in India. The chilling effect of the retrospective tax on cross-border M&A transactions was high; foreign investors wanted nothing to do with the country. This event is a powerful example of how tax policy affecting foreign investment could ruin a country's reputation. The Indian government also repealed the retrospective tax law retroactively in 2021 provided an about face in an attempt to regain investor confidence and was part of India's effort to improve the "ease of doing business" in the country.[21]

International Treaties and Taxation:

One of the important aspects of the cross-border transactions is the buyer is bound to withhold tax at source ("TDS") to make payments to sellers who are not Indians, as required by Section 195 of the Income Tax Act. The buyer is therefore a major withholding agent in the payment of the tax to the Indian tax authorities. [22]

A high profile, up-to-date, account on this compliance burden may be observed in the Walmart takeover of Flipkart. Walmart had to forego taxation of amounts it paid to various shareholders of Flipkart, most of whom were foreign companies as it acquired Flipkart at 16 billion dollars. The TDS payments made by Walmart were approximately 74.39 billion rupees on the payments made to the ten largest shareholders including Soft Bank and Naspers. A problem was created, when the Indian tax authorities realized that Wal-Mart had failed to withhold tax on TDS payment to additional 34 shareholders. This case is an illustration of compliance burden, consideration and exemption possibilities on the domestic withholding tax regime. To take an illustration, the withholding requirement will not arise concerning certain foreign shareholders should they do, nothing beyond possessing under 5% of the shares of the entity purchasing Flipkart and they lack the power to exercise management control over the shares that they may possess.

Another issue raised by Walmart-Flipkart case concerned the significance of Double Taxation Avoidance Agreements ("DTAAs"). DTAAs are agreements signed between India and other

[21] Ibid.
[22] Pipara & Co LLP, Double Taxation Avoidance Agreements in India (DTAA), Pipara & Co LLP (Jan. 1, 2024), https://www.pipara.com/usa/double-taxation-avoidance-agreements-in-india-dtaa/.

ISSN: 2582-6433

nations and which avoid taxation of an income in two states. A non-resident seller is allowed to enjoy the benefits of a DTAA whereby they pay a reduced rate or none of the tax on their capital gains. Nonetheless, the seller must furnish the buyer with Tax Residency Certificate ("TRC") to enjoy the benefit of the DTAA and to perform all the necessary steps in the procedure, such as the submission of the form 15CA and form 15CB. The case illustrates that withholding tax is not a simple calculation, but rather a detailed process that will depend on each seller's own circumstances and what is applicable under the terms of the tax treaty.

Judiciary As A Catalyst For Clarity

Although India's tax laws can be complicated, its judiciary has historically been important in clarification and aligning legislation with commercial reality. The ***Larsen & Toubro*** case is a great example of that, as it settled a long-standing confusion that had previously caused companies to hesitate in claiming deductions for legitimate transaction costs in a slump sale. This ruling creates a more favorable and predictable tax landscape for a popular deal type.

One more example of a modern tax strategy is the share swap of the ***Zomato-Blinkit deal***. That is, Zomato did not buy Blinkit using cash instead the company bought Blinkit shares using a share swap deal whereby the Blinkit shareholders were exchanged with Zomato shares. This design of the transaction achieved an important commercial purpose that did not require Zomato to provide cash to shareholders of Blinkit, which was an appropriate move in a high-growth tech company with low cash flow. Tax-wise, it was a brilliant transaction. To qualify to use the Section 47(vii) capital gains exemption in the income tax act, the share swap was designed as a merger or amalgamation to enable the companies to benefit. Consequently, Blinkit shareholders who were allocated the shares in Zomato as part of the share swap were not obliged to pay any capital gains tax. This understanding of the transaction conformed the interest of the buyer (Zomato was not interested in spending cash) to the interest of the sellers (taxes paid by the shareholders were not incurred); and it also probably led a path to tax-favored organization of the startup-technology ecosystem.[23]

[23] Aman Rajput, Mergers and Acquisitions in India: Analysis, TaxTMI (Aug. 12, 2025), https://www.taxtmi.com/article/detailed?id=14952.

ISSN: 2582-6433

Role of Tax Due Diligence

Regardless of the deal structure, there is no successful tax plan without strong tax due diligence. Tax due diligence is a thorough process designed to evaluate the financial records, past tax returns, and any liabilities or pending litigation of a target company. It is important for both buyers and sellers to assess potential tax risks that could generate unforeseen costs and disputes after the acquisition.

For the buyer, due diligence allows for the identification of potential tax exposure that is unknown (e.g., unfiled taxes or pending tax disputes) and for verifying by analysis the usage of some key tax attributes or characteristics from the target company (e.g., unabsorbed losses, depreciation). For the seller, a tax [health check or tax diagnostic] can identify potential issues that could be deal-killers and can assist the seller in preparing a defensible tax position for the transaction. A proactive identification of tax issues that can impinge on deal value protects deal value, mitigate financial and legal risk, and provides a roadmap for post-merger integration.

Government and Legal Reforms

Recently enacted legislative changes demonstrate an explicit policy shift in India, moving from the more strident, tax-inclusive approach as highlighted in the Vodafone case, towards a more business-friendly framework. The most important event is the expansion of the fast-track merger option available under Section 233 of the Companies Act. This expedited and time-bounded mechanism, whereby some companies can have their merger schemes sanctioned by Regional Directors as opposed to taking the lengthy NCLT process, responds to delays resulting from historical restructuring efforts.

The amendments expand the qualified companies not only to small companies and wholly-owned subsidiaries but also a broader class of unlisted companies and cross-border “reverse-flip” mergers. Importantly, the process includes a “deemed approval” mechanism, whereby unless the Regional Director objects on or before 60 days the scheme is considered approved, therefore substantially reducing the time and costs associated with statutory mergers. This reform is a significant statement to streamline M&A activity, which demonstrates the government’s commitment to support business consolidation and restructuring.

ISSN: 2582-6433

Conclusion & Recommendations

The tax considerations surrounding M&A transactions in India represent a complex and significant element of corporate strategy. As shown in this report, the tax consequences aren't incidental to the M&A, but are rooted in the structure, financing, and overall execution of the transaction. From the initial question of whether to use a share purchase or an asset purchase, to the intricacies of tax treaties and statutory amalgamations, each choice has significant tax implications. The legal framework is always changing, and judicial precedents and recent legislative changes consistently provide clarity and promote a more efficient business environment.

Based on this detailed analysis, the following actionable recommendations are provided:

Engagement of Tax Advisors Early in the Transaction: Given the analysis of tax as a major driver of deal value, it is prudent to involve tax advisors at the outset of any transaction rather than at the end. Early planning will allow the tax advisor to consider how to structure a transaction that achieves both the buyer and seller's objectives.

Structuring the Transaction in a Proactive Manner: Determine the transaction structure that meets the commercial objectives at the same time as being the most tax efficient considering the concessions or trade-offs each element provides the buyer and seller. For example, in a merger, a share swap is often utilized to defer capital gains tax and avoid cash flow implications. A simpler alternative is to utilize a slump sale to achieve a clearer tax consequence on the transfer of a business undertaking.

Conducting a Rigorous Tax Due Diligence and Quantification of Tax Risks and Liabilities: It is often debated if the buyer should conduct prospectively experienced and qualified tax due diligence, or simply have the seller represent and warrant to the tax risks and liabilities associated with the acquired company. However, conducting tax due diligence should be prioritized as it can protect a buyer in an acquisition against unforeseen tax liabilities and contributes to the area of defensible tax position in preparation for the acquisition.

Exercise Caution in Cross-Border Transactions: Understand that there can be complications regarding indirect transfers and the buyer's withholding tax obligations. Utilize DTAA to take advantage of a reduced withholding tax, while remaining mindful of tax compliance and

ISSN: 2582-6433

documentation (including the necessity of a Tax Residency Certificate) and potentially high scrutiny. The experience from the Vodafone and Walmart disputes demonstrates the importance of robust compliance.

Modernization of Regulation: Make a note of new reforms, specifically the expanded fast-track merger procedure. This can provide significant benefit for companies since it can reduce the time and monetary costs associated with corporate restructurings. The reforms can make corporate restructuring less burdensome as an option for qualified companies.