

Commentary

Top Ten Corporate Actions of
2014 and Key Tax Issues

Financial Services

Capital Changes 2014 Top Ten

Authors John Kareken

*Tax & Regulatory
Manager, Investment
Compliance Solutions*

Wolters Kluwer

Anna Vayser

*Tax & Regulatory Specialist,
Investment Compliance Solutions.*

Wolters Kluwer

1. Sears Holding

Sears distribution of rights to purchase stock of its subsidiary; taxable dividend equal to FMV. Second offering of rights to purchase bond and warrant; nontaxable.

2. Westfield Group

Restructured into two publicly-traded companies: Westfield Corp. and Scentre Group. Stapled security dispersal. Dissolution of Westfield Retail Trust into larger Scentre Group. Receipt cash dividend - taxable.

3. Burger King

Merged into Restaurant Brands International Inc., new Canadian holding company. Major corporate inversion event. Per share common optional convert as new common and exchangeable unit or 1:1 exchangeable unit. Expected more than 50% receive new common.

4. Sulliden Gold Corp.

Acquired by Rio Alto Mining Ltd. under plan of arrangement. Share dispersal of common with fractional shares disregarded. Taxable as boot merger under Sec. 368.

5. Kinder Morgan

Corporation acquired related entities – Kinder Morgan Energy Partners LP and El Paso Pipeline Partners LP. Nontaxable Sec. 368(a) reorganization. Basis/holding period carry over.

6. Vodafone Group Plc

Effected “return of value” and share consolidation. B & C shares effected, converted into cash and common. Full distribution constitutes qualified dividend. Share consolidation nontaxable excluding cash.

7. Endo Health Solutions

Merged into Endo International plc, Irish HC, by merger of subsidiary Endo US. Altered tax information. Uncertainty about income of plc against shareholder gain. Targeted by IRS Notice 2014-32 – dividend only subject to withholding. Gain not taxed. Increased difficulty to cause deemed dividend exceeding US shareholder gain.

8. Liberty Media

Nontaxable spin-off distribution of 3 classes of stock as part of reclassification of series A and B common into trackable stocks. No trading prices for B series; A shares pricing used for share allocation.

For more information about our solutions and organization, please contact our product managers Richard.Ryndak@wolterskluwer.com or Susan.Flignor@wolterskluwer.com.

9. Woori Finance Holdings

Spin-off of KJB Financial Group Co., Ltd and KNB Financial Group Co., Ltd. Sold share proceeds flow to ADR holders. Common stock receipt treated as taxable dist. Equal to FMV

10. Elgin Mining

Acquired by Mandalay Resources Corp. Share dispersal to Elgin stockholders of Mandalay common, cash, or combination. Liable to taxation and gain/loss recognition.

DISCLAIMER: The information and views set forth in this Wolters Kluwer Financial Services' communication are general in nature and are not intended as legal, tax, or professional advice. Although based on the law and information available as of the date of publication, general assumptions have been made by Wolters Kluwer Financial Services that may not take into account potentially important considerations to specific taxpayers. Therefore, the views and information presented in this Wolters Kluwer Financial Services' communication may not be appropriate for you. Readers must also independently analyze and consider the consequences of subsequent developments and/or other events. Readers must always make their own determinations in light of their specific circumstances.

About Wolters Kluwer Governance, Risk & Compliance

Wolters Kluwer Governance, Risk & Compliance (GRC) is a division of Wolters Kluwer which provides legal, finance, risk and compliance professionals and small business owners with a broad spectrum of solutions, services and expertise needed to help manage myriad governance, risk and compliance needs in dynamic markets and regulatory environments. The division's prominent brands include: AppOne[®], AuthenticWeb[™], Bankers Systems[®], BizFilings[®], Capital Changes, CASH Suite[™], CT Corporation, CT Lien Solutions, ComplianceOne[®], Corsearch, Expere[®], GainsKeeper[®], LegalVIEW[®], OneSumX[®], Passport[®], TyMetrix[®] 360, Uniform Forms[™], VMP[®] Mortgage Solutions and Wiz[®].

Wolters Kluwer N.V. (AEX: WKL) is a global leader in information services and solutions for professionals in the health, tax and accounting, risk and compliance, finance and legal sectors. Wolters Kluwer reported 2016 annual revenues of €4.3 billion. The company, headquartered in Alphen aan den Rijn, the Netherlands, serves customers in over 180 countries, maintains operations in over 40 countries and employs 19,000 people worldwide.

© 2017 Wolters Kluwer Financial Services, Inc. All Rights Reserved.

190500386 Capital Changes Top 10 List 2014