PANORAMIC

CORPORATE REORGANISATIONS 2026

Contributing Editors

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DLA Piper

LEXOLOGY

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Panoramic guide (formerly Getting the Deal Through) enabling side-by-side comparison of local insights, including into the legal and regulatory framework; rate of reorganisations; key preparatory, employment and financing and other issues; accounting and tax; necessary consents and approvals; treatment of assets; reorganisation formalities; and recent trends.

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Contents

Introduction

Elisabeth Stichmann
DLA Piper

Corporate reorganisations are still on the agenda of many global, multinational and national companies. The reasons for this are manifold. A challenging geopolitical environment and the ongoing economic downturns in numerous jurisdictions continue to drive an increasing number of corporate reorganisations.

Such measures are often intended to enhance competitiveness or to safeguard a company's market position.

The measures range from per-acquisition structuring or post-acquisition integration measures to the complete reorganisation of individual divisions and core segments (eg, by bundling them into individual companies in a separate strand of corporate groups).

The increasing competitive pressure between jurisdictions should not be underestimated. In the medium term, more and more countries will need to strengthen their attractiveness as a business location in order to attract companies or, to put it even more bluntly, to prevent them from relocating. Of course, this applies not only to countries but also to regions. Even though many regulatory issues have been harmonised within the European Union, purely national factors, such as the tax situation, ancillary wage costs and infrastructure, will continue to play a significant role when it comes to deciding for or against a location.

Once the decision to reorganise has been made, the work for the individual departments and consultants is just beginning. Meticulous preparation is essential, and the early involvement of key stakeholders is strongly advisable. Typically, a wide range of functions contributes throughout the process, including legal, tax, employment, finance, to corporate strategy, procurement to PR and communication. A dedicated and experienced transaction lead is critical to ensuring a smooth and efficient execution of such corporate reorganisations.

The following country chapters are intended to serve as a comparative guide, outlining how a corporate reorganisation is approached in the respective jurisdiction.

Enjoy reading the edition, and I would be happy if you reach out in the case of any questions or if support is needed.

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DLA Piper

Read more from this firm on Lexology

Austria

Elisabeth Stichmann, Stephan Nitzl, Philipp Stanek, Jennifer Held
DLA Piper

Summary

LEGAL AND REGULATORY FRAMEWORK

Types of transaction

1 What types of transactions are classified as "corporate reorganisations" in your jurisdiction?

Typically, corporate reorganisations comprise measures such as mergers, spin-offs, demergers, share or asset sales and, partially, the conversion of the legal entity form. The EU mobility directive provides for some (new) cross-border measures, such as cross-border demerger for formation.

Law stated - 10 April 2026

Rate of reorganisations

2 Has the number of corporate reorganisations in your jurisdiction increased or decreased this year compared with previous years? If so, what are the key drivers for such change in the number?

There has been an increase in corporate reorganisations. However, the main drivers did not change and are still global structures wishing to increase profits and satisfy stakeholders, and global entities wanting to segregate their assets in core and non-core business. We have also seen an increase in M&A activities regarding the sale of non-core business segments, which can be seen as one driver for corporate reorganisations, alongside significant investments in new segments leading to pre- and post-closing reorganisations. Companies are generally also faced with corporate reorganisations in the pre-acquisition or pre-sales phase, as an integration process (post-acquisition), for entity rationalisation and when dealing with cash movements or liquidity topics.

Law stated - 10 April 2026

Jurisdiction-specific drivers

3 Are there any jurisdiction-specific drivers for undertaking a corporate reorganisation?

The concept of universal succession that applies in certain corporate measures and that is not known to all jurisdictions can be seen as supportive.

Works councils can generally not block any reorganisation but have merely a consultation right only.

Further, Austria has a variety of legal forms that can be tailor-made for specific transactions.

Most Austrian corporate reorganisations are, however, part of an entire-group reorganisation involving several jurisdictions across the globe.

The main tax driver is the availability of Austrian group taxation for corporate tax purposes, allowing especially for the utilisation of foreign non-Austrian losses. In general, utilisation of domestic and foreign non-Austrian losses is always one of the key tax drivers for reorganisations. In addition, the establishment of a tax group for VAT purposes, interest-deduction possibilities, withholding-tax-planning strategies and the optimisation of loss-carry-forward utilisation are also core drivers. Furthermore, recent amendments such as the intensification of Austrian exit taxation and other amendments, such as, for example, the implementation of the EU Anti-Tax Avoidance Directives I and II, implementing rules for controlled foreign companies and anti-hybrid structuring are, of course, drivers for reorganisations. Finally, foreign tax reforms (eg, the US tax reforms in recent years) could give reason for corporate reorganisation, as well as the implementation of Pillar II.

Law stated - 10 April 2026

Structure

4 | How are corporate reorganisations typically structured in your jurisdiction?

There is no one-size-fits-all solution and the first step in defining how to reshape a business is to define the underlying drivers and business objectives.

Typically, corporate reorganisations start with an overall macro plan outlining the current and intended future structure. Based on the macro plan, micro plans for each involved jurisdiction are established, covering all areas concerned, such as corporate, employment, tax and IP.

The step plan phase supports the (overall) structure and, in particular, the timing of corporate reorganisations as most corporate reorganisations have a long implementation phase. It is not uncommon that in this phase the macro plan changes due to the discovery of local implementation steps that do not fit in the global timeline (eg, requirement of accounts of a particular entity at a certain point in time). Legal tech is getting more and more important to efficiently structure big reorganisations. ITools like HighQ, tailor-made for each project and firm, but more and more varied AI tools are commonly seen and we are using them for the benefit of all involved.

In many cases, Austrian corporate reorganisations are part of a bigger international reorganisation. In particular for such types, it is key to be precise in the timeline and structuring phase to meet overall expectations. A delay of a single step can lead to major impacts for other steps as, in many cases, certain steps have dependencies.

Once the structure is agreed, the implementation phase starts, which consists of the drafting and execution steps.

Law stated - 10 April 2026

Laws and regulations

5 | What are the key laws and regulations to consider when undertaking a corporate reorganisation?

Depending on the transaction structure, a variety of Austrian laws may become relevant. In most Austrian corporate reorganisations, one or more of the following laws applies: Reorganisation Tax Act, Commercial Code, Act on Limited Liabilities Companies, Stock Corporation Act, Demerger Act, EU-Reorganisation Act (implementation of the EU Mobility Directive), Takeover Act, Private Foundation Act, Investment Control Act, Austrian Labour Contract Law Amendment Act as well as Labour Constitution Act, Antitrust Law and public law provisions in relation to applicable licences and permits. As post-closing (and ongoing) items, the disclosure and confirmation requirements on (changed) ultimate beneficial owners should be kept on the radar.

The omnipresent topic is FDI regulations all over Europe. Austria applies a rather strict regime and there are no explicit exemptions for intra-group reorganisations. Hence, it is always a case-by-case analysis, and many transactions end up with an approval requirement.

Law stated - 10 April 2026

National authorities

6 | What are the key national authorities to be conscious of when undertaking a corporate reorganisation and what role does each authority play?

Basically, all corporate reorganisations involve the Commercial Court, Commercial Register and Business Law Authority and have a tax effect so that the tax authorities will become involved. Merger clearance may become relevant depending on the affected business or nature and size of the transaction. The Investment Control Act became increasingly important for corporate reorganisations and, depending on the circumstances, the Austrian Labour Market Service gets involved.

Law stated - 10 April 2026

KEY ISSUES

Preparation

7 | What measures should be taken to best prepare for a corporate reorganisation?

A corporate reorganisation can be challenging for companies, their stakeholders, investors, employees and customers when not prepared and executed in an effective and coordinated way.

The planning phase and engagement of a highly experienced advisory team is vital for the success of a corporate reorganisation. This applies to both pure local and international reorganisations. In international and global transactions, a well-coordinated and experienced team working seamlessly together is a huge advantage for a client. Legal tech tools are increasingly used to accelerate internal coordination processes, as well as for document and project management.

The involvement of all involved advisers (including legal and tax advisers and auditors, as applicable) at an early stage is advisable to ensure alignment and determine dependencies and a feasible timeline.

A well-experienced advisory team can support in identifying business and commercial topics that may lead to a bottleneck for a successful implantation. A corporate reorganisation is more than the implementation of the corporate structure and may have heavy impact on the operational side (eg, transferring or implementing an IT finance system to another entity).

There are similarities but also differences between intra-group transactions and third-party transactions. Whereas in intra-group transactions, due diligence mainly serves the purpose of ensuring business continuity in third-party transactions, risk assessment is a key driver.

Law stated - 10 April 2026

Key departments and operational issues

8 What departments of the concerned companies are most involved in corporate reorganisations and what are the most challenging operational issues?

In corporate reorganisation transactions many departments are involved – from tax, corporate strategy, procurement, employment, finance to regulatory departments. One of the challenges is certainly to reconcile the interests of the individual departments, which do not always coincide. For example, there may be a blackout period from an accounting point of view, but for the commercial team, market supply issues are challenging and must be communicated and managed at an early stage, both internally and externally to customers and/or suppliers. These processes are also not always easy to reconcile with regulatory timelines. IT separation processes are a recurring topic. Excellent transaction management with extensive experience in comparable processes is often crucial to ensuring that things proceed as smoothly as possible.

Law stated - 10 April 2026

Employment issues

9 What are the main issues relating to employees and employment contracts to consider in a corporate reorganisation?

Whether a corporate reorganisation has a material impact from an employment law perspective mainly depends on whether the reorganisation shall be conducted by way of a share deal or an asset deal. In the case of a share deal there are no material issues, as only the ownership of the shares changes but the employing entity remains the same.

If the transaction includes a transfer of a business or a part of a business to another legal entity (an asset deal, but also in cases of a merger, conversionand demerger), section 3 of the Austrian Labour Contract Law Amendment Act (AVRAG) applies. This provision determines that in the case of a business transfer the acquiring entity automatically enters into all existing employment relationships of the acquired business or part of a business as employer with all rights and obligations arising from the employment relationships. The existing terms and conditions (including length of service) remain unchanged. In addition, all terminations on the grounds of the transfer of the business are deemed null and void and the employees may successfully contest the terminations in court.

A transfer of business within the meaning of AVRAG is triggered if an economic unit is transferred to another owner and if the economic unit continues its activity with the other employer. The following criteria must be largely met: acquisition of tangible or intangible assets (eg, licences, real estate); and acquisition of customers and the majority of the workforce (in particular, key employees).

Unlike other European countries, employees can only object to the transfer of their employment relationships in very limited, exceptional cases. The employees have this right of objection, in particular, if the acquiring entity refuses to take over the company pension commitment. In the case of a universal succession (eg, merger), the acquirer is not entitled to object against the transfer.

Generally speaking, the seller and the acquirer are jointly liable regarding those obligations, which arose prior to the transfer date. The liability of the seller for claims arising after the transfer of business is quite restricted, as the seller is liable only for the amount corresponding to the fictitious claim at the time of the transfer and only for a period of five years.

The seller must inform the works council in due time on the intended transfer date, the reason(s) for the transfer, the new employer, any impact the transfer might have on the employees and any intended measures regarding the employees. The works council may demand consultation in case the transfer is considered as a significant change to the business. Such consultation must take place, but – generally speaking – the works council may not delay or stop the reorganisation process. If no works council is established, concerned employees need to be informed on an individual basis. In addition, employees must be issued a service certificate (Dienstzettel) within one month of the employment relationships being transferred.

In the case that the seller did not provide sufficient information to the works council or the individual employees, they may be responsible for any disadvantages suffered by employees due to failing to provide the information (for instance, the time period during which employees may assert their right to object against the transfer (if any), is not triggered). In addition, the works council may take legal steps against the seller. If the employees are not issued with a new service certificate, all disadvantages arising from this should be the responsibility of the acquirer.

Law stated - 10 April 2026

10 What are the main issues relating to pensions and other benefits to consider in a corporate reorganisation?

Generally speaking, corporate reorganisations have a limited impact on pensions or other benefits. However, the fate of company pensions and any other benefits must be assessed considering the legal nature of the respective agreement they are based on (eg, individual employment contract, works council agreement or collective bargaining agreement).

The employer is only permitted to discontinue or revoke the current contribution payments if this is provided for in the applicable collective bargaining agreement, the works council agreement or the economic situation of the company deteriorates in such a way that any further contributions or benefits would jeopardise the continued existence of this company (in companies where a works council is established, consultation with the works council must have taken place at least three months before the cessation of any contribution payments).

In the case of a business transfer, the acquirer automatically enters into all existing employment relationships and the existing employment terms and conditions remain in place. The acquiring company may be entitled to refuse to take over the company pension commitment in the case of a singular succession (ie, in the case of an asset deal). Furthermore, if the company pension is based on a works council agreement, the acquirer may have a preferential termination option, whereby the agreement would still be effective for at least one further year.

Law stated - 10 April 2026

Financial assistance

11 | Is financial assistance prohibited or restricted in your jurisdiction?

Financial assistance is not per se prohibited but needs to be aligned with applicable legal provisions. For example, direct or indirect upstream financial assistance is limited to a great extent due to Austrian capital maintenance rules. This applies, inter alia, to granting funds and providing securities, but also to cash pool structures and a detailed assessment and documentation is advisable. The Austrian capital maintenance provisions are very strict compared to other European (but also global) jurisdictions. Austrian case law provides a variety of cases; for example, legal relations between the company and the shareholders must be structured in the same way as they would have been with an outside third party. Any transfer of assets from the company to the shareholder or transfer of risk from the shareholder to the company may entail a violation of the prohibition of capital maintenance rules, which qualifies the measures as null and void and may lead to personal liability of the involved persons (eg, managing directors).

Also, from a tax perspective, financial assistance is not per se prohibited but may – if not properly done and not at arm’s length – trigger hidden dividend distributions and contributions with potentially adverse tax effects.

Law stated - 10 April 2026

Common problems

12 | What are the most commonly overlooked issues or frequently asked questions in a corporate reorganisation?

One of the most frequently asked questions relates to the time requirement to implement a particular structure and whether financial statements (in which form, for example, audited and as to which date) are required. In addition, quite often questions relate to the requirement of works council involvement and co-determination rights.

The Austrian Investment Control Act may also apply for corporate reorganisations within a company group. It is advisable to have a close look into the entire structure and to consider the (current) strict interpretation of the Austrian Investment Control Act by the competent ministry.

In many cases, the Austrian Industrial Code is overseen when structuring a corporate reorganisation as almost every case concerns the Industrial Code. In international transactions in particular, there is a requirement for a detailed explanation as the concept is rather uncommon outside of Austria. An eye should also be kept on subsidies and tender agreements as, for example, regulations in relation to guarantees covering the location, number of employees, etc, may be included.

Although awareness has already risen, the Austrian Ultimate Beneficial Owner Register Act is still something that is not always on the radar in such transactions and timelines (eg, four weeks' deadline to upload all required data or documents) might easily be overseen. Respectively, the Austrian regime that listed companies are not exempt from the registration and disclosure obligations leads to some additional explanatory work in the international context.

Attention should be given to the DAC6 (in the EU Mandatory Disclosure Act). It was enacted to prevent aggressive tax planning by strengthening the control of the activities of tax intermediaries. These intermediaries, such as tax advisers, accountants and lawyers who design or offer tax planning models, are obliged to report models that are considered potentially aggressive. By means of defined hallmarks, models are to be identified that must be reported to the tax authorities. The fact that a model must be notified does not mean per se that it is harmful, but only that it may be of interest to the tax authorities to examine it more closely. While some models have perfectly legitimate purposes, the aim is to identify those where this is not the case.

Law stated - 10 April 2026

ACCOUNTING AND TAX

Accounting and valuation

13 How will the corporate reorganisation be treated from an accounting perspective? How are target assets and businesses valued?

Provided the reorganisation qualifies as such for Austrian Accounting purposes, the target assets and transferred businesses are optionally valued at their fair market value or book value for accounting purposes at the level of the receiving and the transferring entity. Alternatively, accounting at book value with the difference to the compensation provided being accounted for as reorganisational gain or loss and goodwill is available. If a valuation at fair market values takes place, the realised amounts are blocked for dividend distribution purposes.

From a formal perspective, in the case of reorganisations, a closing balance sheet must be prepared. A transfer balance sheet (only containing the transferred assets), although not legally required, is customarily prepared. In some cases (eg, spin-off), a remaining assets and liabilities balance sheet is also required.

From an accounting perspective, the transaction can be made retroactively for up to nine months; this means that the receiving company takes over the assets and liabilities of the transferring entity and the connected profits and losses retroactively for accounting purposes.

Law stated - 10 April 2026

Tax issues

14 What tax issues need to be considered? What are the tax implications of carrying out a corporate reorganisation?

According to the Austrian Reorganisation Tax Act, the hidden reserves contained in the transferred assets are not realised but carried forward to the transferee; they thus remain subject to taxation. The focus is on the continuity of the business rather than on the realisation of profits as a means of distinguishing between the spheres of income and profit determination. From an economic perspective, reorganisations therefore merely represent a (tax-neutral) change in the legal form of the business organisation and are generally not treated as realisation transactions. An important exception to income tax neutrality is changes in business assets resulting from the consolidation of assets and liabilities (confusio transactions). These gains or losses must be recognised for tax purposes in the fiscal year following the reorganisation effective date.

The following principles of income tax neutrality are implemented in the Reorganization Tax Act:

- To the extent that the Reorganisation Tax Act provides for the continuation of book values for the reorganisation transaction, general income tax law provides for an exemption from taxation of a reorganisation-related realisation gain.
- The tax book values of the transferred assets must be carried forward by the transferee; an option or obligation to realise a gain exists only in exceptional cases. Upon carrying forward the book values, no reorganisation-related disclosure of hidden reserves occurs; these remain subject to tax liability with the transferee.
- At the shareholder level, in reorganisations involving an exchange of shares (merger, demerger), the tax book values are carried forward by valuing the replacement shares at the tax values of the shares being extinguished (fictitious identity).

The Reorganisation Tax Act contains a specific regime under which the tax loss carry forwards are being “detached” from the legal entity and linked to the assets that gave rise to the loss. The reorganisation-related (asset-specific) transfer of the tax loss carry-forwards is subject to restrictions. The following requirements must be met:

- the reorganisation must take place with continuation of book values;
- the assets causing the loss must be attributable to the transferee as of the reorganisation date and comparable to the assets at the time the loss arose;
- there must be no overall material change in the structure, partly in the transferring entity and partly in the acquiring entity (extended shell purchase); and
- depending on the circumstances and type of reorganisation, further restrictions may apply.

For income tax purposes, a transfer of assets covered by the Reorginsation Tax Act may be retroactively applied to a past effective date (fictitious retroactivity). Given that general income tax law generally precludes retroactivity, this fictitious retroactivity must be interpreted narrowly. Therefore, retroactive effect under income tax law does not apply to reorganisations outside the scope of the Reorginsation Tax Act. It should be noted that the effective date of the closing balance sheet may not be more than nine months prior to the date of filing with the commercial register or notification to the tax office (nine-month period). As of the end of the selected reorganisation reference date, the transfer of assets is deemed to have taken effect for income tax purposes. The Reorganisation Tax Act not only covers reorganisations involving Austrian entities, but also reorganisations involving foreign entities. If there is a restriction of the Republic of Austria's right to tax, the hidden reserves of the assets being transferred out must generally be realised for tax purposes (exit taxation). The resulting tax burden may, in relation to EU/EEA countries, optionally be paid in instalments (instalment payment scheme). Conversely, if assets enter the tax jurisdiction of the Republic of Austria as a result of a reorganisation, the incoming assets must be valued at fair market value.

Law stated - 10 April 2026

CONSENT AND APPROVALS

External consent and approvals

15 What external consent and approvals will be required for the corporate reorganisation?

This clearly depends on the transaction structure as there can be huge differences in whether third-party consent needs to be obtained upfront (eg, universal succession versus singular succession). Whereas, for example, a merger or demerger leads to universal succession of contracts, a simple asset sale does not. In addition, transfer of going concern (TOGC) structures lead to a different approval requirement or objection right. Irrespective of that, change of control clauses may require that in any case consent is obtained, for example, to avoid extraordinary termination rights. Typically, this applies in a demerger of a business segment to a group company that is subsequently sold directly or indirectly to a third party.

Whether public permissions or licences can be transferred upon a simple notification or whether a new licence or permission needs to be applied for depends on the respective permission or licence and the precise structure.

In most intra-group transactions, no real-estate transfer approvals are required. The omnipresent foreign direct investment regulation (the FDI Regulation) can apply in intra-group transactions as well, irrespective of whether the reorganisation is ahead of a third-party transaction. Hence, the FDI Regulation, based on the Austrian Investment Control Act, should always be kept in mind and considered from a timing perspective as it could delay the closing significantly.

Law stated - 10 April 2026

Internal consent and approvals

16 What internal corporate consent and approvals will be required for the corporate reorganisation?

Basically, in all corporate reorganisations, shareholders' approvals are obtained either because it is required mandatorily or for good corporate governance practice. The same applies to board consent. Form requirements such as notarial minutes may apply.

Law stated - 10 April 2026

ASSETS

Shared assets

17 How are shared assets and services used by the target company or business typically treated?

Shared assets and shared services should be identified at an early stage to determine required measures. Typically for an interim period service agreements (transitional service agreements) are agreed between the parties to ensure business continuity as, in most cases, not all required assets and services are available as of day one in all companies involved.

Law stated - 10 April 2026

Transferring assets

18 Are there any restrictions on transferring assets to related companies? If not, are there measures that can be taken to allow such a transfer?

The key rule is that the arm's-length principle needs to be complied with. A violation of the arm's-length principle may have, inter alia, the following consequences: transactions being qualified as null and void; tax impacts; and (personal) liability issues including criminal law aspects.

In the case of transfer of assets to foreign entities in particular, exit taxation might be triggered.

Law stated - 10 April 2026

19 | Can assets be transferred for less than their market value?

Compliance with arm's-length principles is key in such transactions.

Law stated - 10 April 2026

FORMALITIES

Date of reorganisation

20 | Can a corporate reorganisation be backdated or deemed to have already taken place, for example, from the start of the financial year?

Various corporate measures allow for a (tax) retroactive effect (eg, merger or demerger) back to a maximum of nine months. To use this effect, a precise timing and alignment between business, legal, tax and auditor is required as for such transactions several balance sheets and financial statements are required. The nine-month deadline is the filing deadline with the competent commercial court and not the actual signing date of an agreement. Hence, the signing date of the agreement needs to be well timed in advance as those agreements are commonly required to be in the form of an Austrian notarial deed and the filing with the commercial register needs be legalised (and, if applicable, apostilled if legalisation takes place abroad).

Law stated - 10 April 2026

Documentation

21 | What documentation is required or advisable in a corporate reorganisation?

For most transactions, it is advisable to work with powers of attorney (POA) allowing the legal adviser or any member of the local team of the client to execute documents on short notice and that last-minute changes are allowed and doable. The transactional documentation depends on the nature of the transaction and may include several notarial deeds (eg, for a merger, demerger or share purchase in a limited liability company), amended articles of association, notarial minutes, legalised documents (eg, shareholders' resolutions or powers of attorney), several internal and third-party approvals and documentation of signing authorities (eg, corporate secretarial certificates or foreign commercial register excerpts).

Law stated - 10 April 2026

Representations, warranties and indemnities

22 Should representations, warranties or indemnities be given by the parties in a corporate reorganisation? If so, which are most common?

In intra-group transactions, the representation and warranties clauses and indemnities are typically less regulated compared to third-party transactions and it is not uncommon that only very limited guarantees such as a title guarantee, compliance with accounting standards and proper tax filings are included. This may be different if the corporate reorganisation is carried out as a pre-sales process to set up the structure for the sale. However, also in such scenarios, it is quite common for commercial terms to be included in a master framework or umbrella agreement and that local transfers are deemed as pure implementation measures. As always, arm's-length principles need to be complied with.

Law stated - 10 April 2026

Assets versus going concern

23 Does it make any difference whether assets or a business as a going concern are transferred?

Yes, there are differences from a taxation standpoint, liability issues, consent requirements and formal requirements. These topics are also relevant in relation to business continuity and for the structuring phase.

Whereas in the case of transfer of going concerns, concerned agreements, assets and employment relationships transfer automatically (certain objection rights remain possible). However, for each transfer in a pure asset sale individual consent needs to be obtained, unless a pre-consent is included in the concerned agreement.

From a tax perspective, a pure asset does not, in general (with the exception of shares in a corporate entity amounting to more than 25%), qualify for the beneficial regime of the Austrian Reorganisation Tax Act, whereas in the case of a transfer of business or shares in an operative partnership this beneficial regime applies. Thus, if a single asset is transferred, (corporate) income taxes on latent capital gains, stamp duties, VAT, etc, may be triggered. However, there are some cases where an asset transfer is preferable (eg, if the transferor has sufficient loss carry-forwards to avoid the taxation of latent capital gains and, thus, to achieve an effectively tax-exempt step-up in the value of the assets).

In some cases, it is difficult to determine whether the group of assets are qualified as a (partial) business unit transfer and it may make sense to obtain a tax ruling prior to the sale to get clarity on the tax exemption of such transfers.

Law stated - 10 April 2026

Types of entity

24 Explain the key differences between public, private, government or non-profit entities to consider when undertaking a corporate reorganisation.

The corporate steps are basically similar. In the case of listed companies, different notification requirements, takeover issues, press releases, etc, may become relevant.

Law stated - 10 April 2026

Post-reorganisation steps

25 Do any filings or other post-reorganisation steps need to be taken after the corporate reorganisation?

Depending on the precise corporate measures certain filings and registrations may be required either as action item prior the closing or as a post-closing measure. For example, a share transfer needs to be registered with the commercial register but the registration only has a declaratory effect whereas, for example, a merger or demerger only becomes effective upon registration in the Austrian commercial register.

Depending on the deal structure, customer or vendor notifications might be required to ensure compliance with formalities.

Certain filings may also be required to update the business licence register, transfer of real estate property, IP transfer, etc. Under certain conditions, the reorganisation must also be reported to the tax authorities and the concerned employees must be issued with a new service certificate.

Depending on the structure, an update of the ultimate beneficial owner register may be required.

Law stated - 10 April 2026

UPDATE AND TRENDS

Hot topics

26 What are your predictions for next year and how will these impact corporate reorganisations in your jurisdiction (for example, expected trends or pending legislation)?

The continuing difficult geopolitical situation and the ongoing recession in many countries are likely to lead to further extensive corporate reorganisations to maintain or improve competitiveness. In the authors' opinion, the competition between individual countries will also intensify, because countries will increasingly have to and will focus on their own economic growth and prosperity. The attractiveness of a location will become massively more important in the coming years.

In this context, also the FDI Regulation (Austrian Investment Control Act) will remain a hot topic and from the advisory side, we hope that, at least for intra-group transactions, clear exceptions will be implemented in the Regulation. The (current) strict interpretation is not increasing Austria's attractiveness as a business location for international companies.

We believe that corporate reorganisations will remain a strong field as stakeholder expectations will not decrease and there is quite a pressure on profitable business operations. The global economy, including the still high interest rates for lending, and the difficult geopolitical situation are likely to increase the number of insolvencies that will force the sale of assets or business segments on the one hand but allow investors with full pockets to increase their portfolio on the other hand.

In addition, the practical impact of the implementation of EU Anti-Tax Avoidance Directives will remain relevant.

Law stated - 10 April 2026

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Summary

LEGAL AND REGULATORY FRAMEWORK

Types of transaction

1 What types of transactions are classified as "corporate reorganisations" in your jurisdiction?

In China, corporate reorganisations can be categorised as changes to the legal form of an enterprise, debt restructuring, mergers, equity acquisitions, asset acquisitions or demergers. The specific classifications and definitions are as follows:

- Change of legal form of an enterprise: refers to a change in the registered name, registered address or legal form of the enterprise (for example, a limited liability company converting into a joint stock company, or vice versa). This type only involves changes to the constituent elements of the legal identity and does not involve the transfer of assets or equity to a third party.
- Debt restructuring: refers to a comprehensive agreement or plan reached between a debtor (in financial difficulty) and its creditors through market-based negotiation mechanisms or specific procedures for the discharge of debts, in order to optimise and improve the debt structure. For solvent businesses, this typically involves optimising the asset-liability structure by means such as debt-to-equity swaps or amending the terms of debt discharge, thereby avoiding insolvency proceedings.
- Merger: refers to the transfer of all assets and liabilities of one or more enterprises (the merging parties) to another existing or newly established enterprise (the merging enterprise), with the shareholders of the merging parties receiving equity or non-equity consideration from the merging enterprise, thereby achieving a legal merger of two or more enterprises. There are two common forms: absorption merger (A + B = A, with B dissolved) and new establishment merger (A + B = C, with both A and B dissolved and C established).
- Equity acquisition: refers to a transaction in which one enterprise (the acquirer) purchases the equity of another enterprise (the target) in order to achieve control over the target. The transaction occurs at the shareholder level; the target enterprise continues to exist as a legal entity, but its controlling shareholder changes.
- Asset acquisition: refers to a transaction in which one enterprise (the transferee) purchases the operating assets of another enterprise (the transferor). The transferee acquires operating assets that are capable of independently generating cash flow (which may include related liabilities and personnel), rather than merely holding the equity of the target company.
- Demerger: refers to the separation and transfer of part or all of the assets of an enterprise (the demerged enterprise) to an existing or newly established enterprise (the demerged enterprise), with the shareholders of the demerged enterprise receiving equity or non-equity consideration from the demerged enterprise, thereby achieving a legal demerger. There are two forms: spin-off (the original enterprise continues to exist and transfers part of its assets to establish a new enterprise) and split-off (the original enterprise is dissolved and split into two or more new enterprises).

Law stated - 31 March 2026

Rate of reorganisations

2 Has the number of corporate reorganisations in your jurisdiction increased or decreased this year compared with previous years? If so, what are the key drivers for such change in the number?

There are currently no official statistics on the number of corporate reorganisations. However, based on practical observations, the number of market-based M&A and restructuring transactions has remained stable while the scale of transactions has increased. The key drivers include:

- Market clearing demand: In the post-pandemic era, some industries (such as real estate, cultural tourism, and small and medium-sized manufacturing) are facing operational difficulties, and the number of insolvent enterprises has increased. Reorganisation has become the primary means of rescuing high-quality enterprises.
- Policy guidance to revitalise assets: The government is promoting the clearing of "zombie enterprises" and encouraging the integration of high-quality assets through reorganisation, with particular support for the reorganisation and restructuring of manufacturing and technology enterprises, thereby enhancing industrial concentration.
- Increased investor participation: Private equity funds and industrial capital are gradually entering the bankruptcy reorganisation market, obtaining equity or assets of high-quality enterprises through reorganisation, which facilitates the implementation of reorganisation cases.
- Upgrading of market-based M&A and restructuring: Leading enterprises are conducting vertical or horizontal M&A to expand market share and improve industrial chains, particularly in emerging industries such as new energy, semiconductors and biomedicine, where the scale of M&A and restructuring transactions continues to grow.

Law stated - 31 March 2026

Jurisdiction-specific drivers

3 Are there any jurisdiction-specific drivers for undertaking a corporate reorganisation?

Corporate reorganisations in China are currently driven primarily by national industrial policies, the institutional dividends of the new Company Law, and capital market reforms.

Policy level

Since 2024, the State Council's Opinions on Strengthening Regulation, Preventing Risks and Promoting High-Quality Development of the Capital Market and various supporting policies issued by the China Securities Regulatory Commission (CSRC) have been introduced. These policies explicitly encourage listed companies to carry out M&A and integration along industrial chains, particularly in areas involving "new quality productive forces", such as machinery manufacturing, semiconductors, and energy and mineral resources.

The 2026 Government Work Report explicitly calls for addressing "involution-style" competition. In industries with relatively concentrated production capacity, such as photovoltaics and new energy, the policy encourages leading enterprises to reduce disordered competitors through market-based M&A and integration, match production with demand, and gradually achieve supply-demand balance. This provides a strong policy basis for horizontal M&A in overcapacity industries.

Regulatory level

Introduction of classified shares: The new Company Law, effective from 1 July 2024, formally establishes the legal status of classified shares such as preference shares and shares with special voting rights (ie, different classes of shares with unequal voting rights). This enables enterprises, when conducting equity acquisitions or mergers, to issue "preference shares" to attract target shareholders seeking stable returns, or to issue "shares with special voting rights" to allow founding teams to retain control after financing or M&A, addressing previous concerns regarding control.

Introduction of authorised capital system: The new Company Law allows a company's articles of association or a shareholders' meeting to authorise the board of directors to decide, within three years, on the issuance of shares not exceeding 50% of the issued shares. This greatly simplifies the decision-making process for listed companies to issue shares as consideration for asset acquisitions. The board can make prompt decisions based on market windows, avoiding the risk of missing M&A opportunities due to the need to convene an extraordinary shareholders' meeting, thereby improving reorganisation efficiency.

Simplified reorganisation review mechanism

In May 2025, the CSRC amended the Administrative Measures for Material Asset Restructurings of Listed Companies, establishing a simplified review procedure. Under this procedure, qualifying reorganisation transactions are not subject to review by the M&A restructuring committee of the stock exchange, and the CSRC can make a decision within five working days. In addition, the new rules introduce a "reverse vesting" mechanism for the first time: if a private equity fund has held its investment for 48 months or more, the lock-up period for shares obtained in the reorganisation may be reduced by half. This greatly incentivises private equity funds to exit through M&A rather than solely through IPOs.

Tax level

The Guidelines on Major Tax Incentive Policies for Enterprise Mergers, Acquisitions and Restructurings issued by the State Taxation Administration in October 2025 systematically consolidate existing policies and send a clear signal of stability. The guidelines cover all types of reorganisations including debt restructurings, equity acquisitions, mergers and demergers, and asset transfers, and clarify the conditions for applying special tax treatment (eg, an equity payment ratio of not less than 85%). This "certainty" is an important driver for corporate decision-making, enabling enterprises to calculate tax costs more accurately when planning large-scale reorganisations.

Law stated - 31 March 2026

Structure

4 | How are corporate reorganisations typically structured in your jurisdiction?

In China, the structure of a corporate reorganisation is typically driven by commercial objectives, combined with tax optimisation, compliance requirements and group strategy, using the following approaches:

- Common tools: These primarily include mergers (absorption or new establishment), demergers (spin-off or split-off), equity acquisitions, asset acquisitions and changes of legal form (such as mutual conversion between a limited liability company and a joint stock company). In practice, these tools are often used in combination, for example a demerger followed by a transfer.
- Planning and steps: The process generally proceeds in three stages. Macro planning defines the post-reorganisation structure, tax path and approval requirements; due diligence verifies asset ownership, contractual restrictions, employee and compliance risks; and micro execution completes internal resolutions, signs documents, and handles business registration and asset transfer.
- Implementation process: Key milestones include a special resolution of the shareholders' meeting (a two-thirds majority required for mergers, demergers, etc), notification and announcement to creditors (in cases of merger, demerger or capital reduction), tax treatment and registration of changes with the administration for market regulation (which is a condition for the reorganisation to take legal effect).

Law stated - 31 March 2026

Laws and regulations

5 | What are the key laws and regulations to consider when undertaking a corporate reorganisation?

The core laws and regulations for undertaking a corporate reorganisation in China fall into the following categories: civil and commercial basics, sector-specific regulation, tax and finance, and registration. They cover the entire process of reorganisation, including legal procedures, asset disposal, creditor rights and debts, regulatory approvals and tax incentives. Details are as follows.

Civil and commercial basics

Civil Code of the People's Republic of China: governs civil legal acts in the reorganisation, such as contract formation, transfer of creditor rights and debts, changes in real rights and realisation of security interests.

Company Law of the People's Republic of China: sets out the procedures, shareholder rights and company registration requirements for market-based reorganisations such as mergers, demergers, equity acquisitions and capital increases.

Partnership Enterprise Law of the People's Republic of China: applies to reorganisations involving partnerships, governing the disposal of partnership property and adjustment of equity interests.

Sector-specific regulation (for reorganisations of specific entities or industries)

Administrative Measures for Material Asset Restructurings of Listed Companies and Administrative Measures for the Takeover of Listed Companies: regulate restructurings and takeovers of listed companies, specifying disclosure requirements, approval processes and standards for transaction targets.

Anti-Monopoly Law: where a reorganisation involves a concentration of undertakings (eg, a merger or equity acquisition meeting the statutory thresholds), it must be notified to the State Administration for Market Regulation for antitrust review; reorganisations that eliminate or restrict competition are prohibited.

Sector-specific regulations for finance/real estate: for example, the Measures for the Bankruptcy Reorganisation and Liquidation of Financial Enterprises issued by the CBIRC (now part of the National Financial Regulatory Administration (NFRA)) and the Guidelines on Bankruptcy Reorganisation of Real Estate Enterprises issued by the Ministry of Housing and Urban-Rural Development regulate reorganisations in those special industries.

Tax and finance (tax treatment and financial support for reorganisations)

Corporate income tax: the Notice on Certain Issues Concerning the Handling of Enterprise Income Tax for Enterprise Restructuring Business and the Announcement on Certain Issues Concerning the Administration of Enterprise Income Tax Collection for Enterprise Restructuring Business set out the rules for general and special tax treatment.

Property tax: the Announcement on Continuing the Land Appreciation Tax Policy for Enterprise Restructuring and Reorganisation and the Announcement on Continuing the Deed Tax Policy for Enterprise Restructuring and Reorganisation provide for reductions and exemptions of land appreciation tax and deed tax in the context of restructuring and reorganisation.

Registration management

Regulations on the Registration Management of Market Entities of the People's Republic of China: set out the procedures and requirements for post-reorganisation changes of registration, deregistration and new registration of enterprises.

Law stated - 31 March 2026

National authorities

6 What are the key national authorities to be conscious of when undertaking a corporate reorganisation and what role does each authority play?

The key national authorities involved in a corporate reorganisation in China fall into five categories: market regulation, industry-specific regulation, finance and taxation, and capital markets. Each authority has clear responsibilities and collaborates with others, covering the entire process from judicial adjudication, administrative approvals and antitrust review to tax collection and capital market supervision. The details are as follows.

Market regulation authorities

- State Administration for Market Regulation: responsible for antitrust review of concentrations of undertakings (where a reorganisation involves a merger or equity acquisition meeting the statutory thresholds), investigating monopolistic conduct in reorganisations, and guiding business registration changes, deregistrations or new registrations across the country.
- Local Administrations for Market Regulation at various levels: handle post-reorganisation registration of market entities (eg, change of registration after a merger or demerger) and issue business licences.

Industry-specific regulatory authorities (depending on the industry of the reorganised enterprise)

- NFRA: regulates reorganisations of financial enterprises such as banks, insurance companies and trust companies; approves reorganisation plans and debt disposal plans of financial enterprises; and regulates the conduct of financial institutions participating as creditors in reorganisations of non-financial enterprises.
- China Securities Regulatory Commission: regulates reorganisations and takeovers of listed companies; approves material asset restructurings and private placements of listed companies; requires listed companies to fulfil disclosure obligations; and investigates illegal conduct in reorganisations such as insider trading and market manipulation.
- Ministry of Housing and Urban-Rural Development/Local housing and urban-rural development bureaux: regulate reorganisations of real estate enterprises; approve project resumption plans in reorganisation plans of real estate enterprises.
- Ministry of Industry and Information Technology/State-owned Assets Supervision and Administration Commission: regulate reorganisations of manufacturing enterprises and state-owned enterprises (SOEs) respectively; guide the reorganisation and integration of state-owned assets; approve asset disposals and equity changes in SOE reorganisations.

Finance and tax authorities

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State Taxation Administration/Local tax bureaux: collect taxes arising from reorganisations; review applications for special tax treatment of enterprise reorganisations; implement tax incentives for reorganisations; and supervise tax filings and payments by reorganised enterprises.

- Ministry of Finance: formulates finance and tax policies related to reorganisations; supervises the financial treatment of state-owned asset reorganisations; and approves financial plans for central SOE reorganisations.
- People's Bank of China/State Administration of Foreign Exchange: regulate fund settlement and foreign exchange management in reorganisations; guide financial institutions to provide special loans to reorganised enterprises; and supervise foreign exchange receipts and payments in cross-border reorganisations.

Law stated - 31 March 2026

KEY ISSUES

Preparation

7 | What measures should be taken to best prepare for a corporate reorganisation?

Prior to a corporate reorganisation, comprehensive legal, financial and business due diligence should be conducted, with a focus on contingent liabilities, tax compliance and sector-specific regulatory risks. At the same time, time-consuming aspects should be identified in advance, in particular antitrust filing, State-owned Assets Supervision and Administration Commission approval and approvals from competent industry authorities, and a reasonable timetable should be arranged. The reorganisation plan should set out a clear step-by-step process covering key milestones, such as internal decision-making, regulatory approvals, creditor notification, employee arrangements and registration of changes with the administration for market regulation, and reasonable closing conditions should be set out in the transaction documents. In addition, tax planning, data compliance and foreign exchange management requirements should be comprehensively considered to ensure that the reorganisation is carried out lawfully, compliantly and efficiently.

Law stated - 31 March 2026

Key departments and operational issues

8 | What departments of the concerned companies are most involved in corporate reorganisations and what are the most challenging operational issues?

In a corporate reorganisation, the legal, finance, human resources and business departments are most heavily involved: the legal department is responsible for due diligence, drafting transaction documents and regulatory compliance; the finance department leads valuation modelling, tax planning and funding arrangements; the human resources department handles employee placement, transfer of employment relationships and compensation plans; and the business department ensures customer retention, supplier renewal and operational continuity. The most challenging operational issues include employee placement and handling of employment relationships (group risks in the event of large-scale redundancies or cross-regional transfers), business integration and systems alignment (particularly the integration of IT systems, financial accounting and supply chains), and maintaining the stability of customers and suppliers (preventing the loss of core resources due to the reorganisation).

Law stated - 31 March 2026

Employment issues

9 What are the main issues relating to employees and employment contracts to consider in a corporate reorganisation?

In a corporate reorganisation, key employment issues include the transfer and re-execution of employment contracts. Under articles 33 and 34 of the Labour Contract Law, employment contracts remain valid in the event of a merger or demerger of the employer. However, in practice, a change of employer entity usually requires the contract to be re-executed or a variation agreement to be signed. If an employee refuses to sign, this may trigger the obligation to pay economic compensation under article 46. Second, economic compensation and placement plans: for consensual termination, compensation is paid under article 47 at N times monthly salary. For no-fault termination, 30 days' prior notice or payment in lieu of notice is required. Large-scale redundancies (20 or more employees, or 10% or more of the total workforce) must follow the democratic procedures in article 41 and report to the labour administration department. In addition, attention should be paid to the protection of special groups (women during pregnancy, maternity and nursing periods, employees with work-related injuries, etc, whose jobs may not be terminated under articles 40 or 41), non-competition compensation (articles 23 and 24 – after transfer, compensation must continue to be paid or the obligation must be negotiated to terminate), and the continuity of social insurance and housing fund contributions, as well as the continuity of length of service and benefit levels when transferring across different regions, to avoid group labour disputes.

Law stated - 31 March 2026

10 What are the main issues relating to pensions and other benefits to consider in a corporate reorganisation?

In a corporate reorganisation, key issues regarding pensions and other benefits include the transfer and continuity of social insurance relationships. Under articles 19, 32 and 52 of the Social Insurance Law, pension insurance, medical insurance and unemployment insurance relationships can be transferred with the employee when moving across different coordinated regions, with contribution periods accumulated. However, differences in contribution bases between regions may lead to disparities in benefit levels. Second, the vesting of rights in enterprise annuities or occupational annuities: under articles 19 to 22 of the Measures for Enterprise Annuities, the portion contributed by the employer typically vests in employees on a graded basis according to length of service. In a reorganisation, the transfer or retention of such rights must be clarified. Supplementary medical insurance, housing fund and other benefits also need to be addressed. In addition, the assumption of off-plan benefits for retired employees (whether to be borne by the original entity or the transferee), the continuation of special welfare policies (such as housing subsidies, children's education subsidies, etc), and the democratic procedures for amending the annuity plan must be reviewed to ensure compliance with the requirements of article 4 of the Labour Contract Law regarding the formulation of internal rules and regulations, and to avoid disputes arising from impairment of employee welfare rights.

Law stated - 31 March 2026

Financial assistance

11 | Is financial assistance prohibited or restricted in your jurisdiction?

In Chinese Mainland, financial assistance for the acquisition of a company's own shares is generally prohibited, but there are exceptions. Under article 142 of the Company Law, a company may not acquire its own shares, except in specified circumstances such as employee share ownership plans, conversion of convertible bonds, safeguarding company value and dissenting shareholder buy-backs, and must comply with disclosure and procedural requirements. Listed companies must also comply with the Securities Law and China Securities Regulatory Commission rules, which prohibit the provision of unlawful guarantees or funds for securities trading. For limited liability companies providing funds to shareholders or de facto controllers for equity acquisitions, article 15 of the Company Law and the Minutes of the National Conference on the Trial of Civil Cases Involving Financial Disputes emphasise that the interests of the company and other creditors must not be harmed. If such assistance constitutes a withdrawal of contributed capital or confusion of legal personality, the responsible persons are subject to joint and several liability. In practice, market-based financing such as M&A loans and bridge funding is widely available, but transaction structures must be lawful and compliant to avoid being characterised as a disguised withdrawal of capital or impairment of creditor rights.

Law stated - 31 March 2026

Common problems

12 | What are the most commonly overlooked issues or frequently asked questions in a corporate reorganisation?

The most commonly overlooked issues in corporate reorganisations include:

- Distributable profits and dividend compliance: failure to verify before the reorganisation whether the company has sufficient undistributed profits or whether it would violate the Company Law restrictions on dividends (eg, after covering losses and making statutory reserve contributions).
-

Tax treatment of in-kind contributions and asset transfers: failure to fully assess the VAT, land appreciation tax and income tax implications when contributing assets or equity as in-kind consideration, or misuse of the conditions for special tax treatment.

- Creditor protection in demerger procedures: under the Company Law, creditors must be notified and announcements made, but in practice this is often omitted, leading to the risk of accelerated debt maturity.
- Disposal of assets of a dissolved company and liquidation obligations: overlooking the liquidation procedures under the Company Law and the liability for breach of pending contracts.
- Transfer and continuity of insurance interests: in particular, property and liability insurance policies may become invalid due to a change of insured entity or may require re-underwriting.
- Ongoing compliance with industry regulatory requirements: for example, failure to promptly update or file licences after the reorganisation of a regulated industry such as finance or healthcare, leading to business interruption. Common questions also include the interaction between the capital maintenance principle and valuation adjustment mechanisms in the context of reorganisations.

Law stated - 31 March 2026

ACCOUNTING AND TAX

Accounting and valuation

13 How will the corporate reorganisation be treated from an accounting perspective? How are target assets and businesses valued?

Corporate reorganisations can be categorised as changes to the legal form of an enterprise, debt restructurings, mergers, equity acquisitions, asset acquisitions or demergers.

If the reorganisation is under common control, it is generally accounted for on the basis of audited book value, with an emphasis on the continuity of book value.

Conversely, if the reorganisation is not under common control, such as an external transaction or debt restructuring, it is generally measured at fair value, and an appraisal report must be issued by an asset valuation firm.

Law stated - 31 March 2026

Tax issues

14 What tax issues need to be considered? What are the tax implications of carrying out a corporate reorganisation?

The tax issues related to corporate reorganisation is governed by Notice on Certain Issues Concerning the Handling of Enterprise Income Tax for Enterprise Restructuring Business.

Generally, the company should recognise the gains or losses arising from the company's reorganisation. The relevant tax calculation standards should be based on fair value, and income tax should be paid immediately.

In the following circumstances, the company can adopt special tax treatment, but it needs to submit written filing materials to the corresponding taxation administration:

- The company has a reasonable commercial purpose.
- The proportion of assets or equity of the acquired, merged, or divided part meets the corresponding proportion.
- Within the consecutive 12 months after the corporate reorganisation, the original substantive business activities of the company shall not be changed.
- The proportion of the equity payment involved in the reorganisation transaction meets the corresponding ratio.
- The original major shareholders who obtained equity payment shall not transfer the acquired equity within the consecutive 12 months after the reorganisation.

Law stated - 31 March 2026

CONSENT AND APPROVALS

External consent and approvals

15 What external consent and approvals will be required for the corporate reorganisation?

The corporate reorganisation usually requires the approval or registration from the relevant administration

- State-owned Assets Supervision and Administration Commission approval: Reorganisations of state-owned enterprises must be approved or filed by the state-owned assets supervision and administration authority, and go through audit, evaluation and public trading procedures.
- Administration for Market Regulation approval: Mergers, demergers, changes of company type and capital reduction shall go through registration with the market regulatory authority.
- Industry-specific approval: Reorganisations of financial, telecommunications, energy and other regulated industries require prior approval from the competent industry authority.
- Anti-monopoly review: Transactions meeting the thresholds for merger control must be notified to and approved by the State Administration for Market Regulation; closing is prohibited before approval.

In some cases, the consent of the third party in advance is also required

- Creditors: The company must notify creditors in the event of demerger or capital reduction; creditors may demand early repayment or provision of security.
- Lenders: Loan agreements commonly require prior consent from banks or financial institutions for material reorganisation or change of control.

Furthermore, if the company reorganisation is under Enterprise Bankruptcy Law, the consent of the court is also required.

Law stated - 31 March 2026

Internal consent and approvals

16 What internal corporate consent and approvals will be required for the corporate reorganisation?

The corporate reorganisation is governed by the Company Law. Under the Company law, the plans for company mergers, divisions, dissolution or changes in company form shall be formulated by the board of directors, and the above plans must be approved by more than two-thirds of the shareholders with voting rights.

Law stated - 31 March 2026

ASSETS

Shared assets

17 How are shared assets and services used by the target company or business typically treated?

In corporate reorganisations in China, shared assets and services used by the target company or business are generally dealt with in accordance with the legal principles of company independence, fair dealing and clarity of asset ownership. The specific approach varies depending on the type of reorganisation (merger, demerger, asset acquisition, etc).

In practice, the main focus is on clarity of asset ownership, fairness of the transaction and whether the arrangements harm creditors or third parties. Unclear allocation of shared assets or services or unfair pricing may result in the transaction being found void or voidable.

Law stated - 31 March 2026

Transferring assets

18 Are there any restrictions on transferring assets to related companies? If not, are there measures that can be taken to allow such a transfer?

There are legal and regulatory restrictions on transferring assets to related companies, aimed at preventing improper tunnelling, asset stripping and harm to the interests of creditors, minority shareholders or state-owned assets. Both the compliance and substantive fairness of such transfers are strictly scrutinised. An asset transfer made without shareholders' meeting approval, at a clearly unfair price, or for the purpose of evading debts is generally found void or voidable.

For general companies, directors, supervisors and senior management owe a duty of loyalty to the company and must not use related-party relationships to harm the company's interests; shareholders and de facto controllers are also prohibited from harming the company's interests through related-party transactions. For state-owned enterprises, assets must not be transferred to related parties for no consideration or at an unfair price.

In addition, tax authorities may adjust the taxable income of a related-party asset transfer that does not comply with the arm's-length principle and reduces taxable income, recovering tax, late payment surcharges or imposing fines.

Law stated - 31 March 2026

19 | Can assets be transferred for less than their market value?

Transfers of assets for less than market value are not absolutely prohibited, but are strictly restricted. They are permitted only in specific statutory circumstances and after following the corresponding procedures; otherwise, they face legal risks of being void, voidable or subject to regulatory penalties. For example, a debt discharge with reasonable justification, or a reorganisation arrangement with a reasonable commercial purpose, may be permitted under certain conditions.

In judicial practice, courts strictly scrutinise the reasonableness of the price, the purpose of the transfer, and the impact on creditors or minority shareholders. A transfer without proper justification at a price below 70% of market value is generally found voidable or void.

Law stated - 31 March 2026

FORMALITIES

Date of reorganisation

20 | Can a corporate reorganisation be backdated or deemed to have already taken place, for example, from the start of the financial year?

In China, the legal effective date of a corporate reorganisation generally depends on the completion of the relevant legal procedures, rather than a retroactive date agreed by the parties. Matters such as mergers, demergers, equity changes and capital adjustments are generally governed by the Company Law, and the time when they become legally effective against third parties is the date of completion of registration or change of registration with the administration for market regulation. For example, article 24 of the Regulations on the Registration Management of Market Entities requires an application for change of registration within 30 days of the date of the resolution or the relevant change.

Law stated - 31 March 2026

Documentation

21 | What documentation is required or advisable in a corporate reorganisation?

A corporate reorganisation generally requires corporate governance documents, transaction documents, and regulatory or registration filing materials.

First, the company must follow internal decision-making procedures. Under the Company Law, major reorganisation matters generally require approval by the board of directors or the shareholders' meeting, and amendments to the articles of association where necessary. Relevant documents typically include board resolutions, shareholders' meeting resolutions and amended articles of association.

Second, the transaction parties need to sign the corresponding transaction documents. Depending on the transaction structure, these typically include an equity transfer agreement, asset transfer agreement, merger agreement or demerger agreement. These documents generally set out the transaction structure, consideration arrangements, closing conditions and the rights and obligations of the parties.

If the reorganisation is to be eligible for special tax treatment (under *Caishui* [2009] No. 59), detailed documents must be prepared and submitted to the tax authorities. These include the Report Form for Special Tax Treatment of Enterprise Reorganisations, the contract or agreement, asset appraisal report, and letters of commitment from the relevant parties. For reorganisations involving listed companies, disclosure documents such as the Equity Change Report or Takeover Report must also be prepared and disclosed in accordance with securities regulatory rules.

Finally, the company generally needs to submit an application for change of registration to the administration for market regulation, for matters such as changes in equity structure, registered capital or merger/demerger.

Law stated - 31 March 2026

Representations, warranties and indemnities

22 | Should representations, warranties or indemnities be given by the parties in a corporate reorganisation? If so, which are most common?

In China, corporate reorganisation transactions typically include representations, warranties and indemnities in the transaction documents to allocate risk among the parties and provide remedies for breach.

In equity or asset transfers, the transferor usually makes representations as to its lawful ownership of the target equity or assets, and confirms that the target company was lawfully established and is validly existing. Common representations and warranties also cover financial condition, material contracts, pending litigation and compliance status.

The transferee typically provides more limited representations, mainly including that it has the legal power to sign and perform the transaction documents and that its source of funds is lawful.

Indemnities are typically used to cover losses arising from any inaccuracy or breach of representations or warranties. In practice, transaction documents generally limit indemnity obligations by setting liability caps, claim periods and minimum claim amounts.

In intra-group reorganisations under common control, representations and warranties are usually simplified as the risks are relatively manageable.

Law stated - 31 March 2026

Assets versus going concern

23 Does it make any difference whether assets or a business as a going concern are transferred?

In corporate reorganisations, there are significant differences in legal effect and transaction practice between an asset transfer and a transfer of a business as a going concern.

An asset transfer typically targets specific, identifiable assets. The buyer can select the scope of assets to be acquired, and liabilities do not generally transfer automatically. In addition, contracts with third parties generally require the counterparty's consent to be transferred, so in practice, obtaining consent or arranging contractual novations on an item-by-item basis is often required, making the process more complex.

A transfer of a business as a going concern typically includes a complete set of assets, liabilities and operational arrangements capable of independent operation. However, in practice, transaction parties more often achieve a similar economic effect through an equity acquisition. By acquiring the equity of the target company, the buyer indirectly acquires all of its assets, liabilities and contractual relationships, thereby avoiding the need for item-by-item asset transfers and third-party consents.

From a cost perspective, an asset transfer may attract VAT, corporate income tax and other taxes, which are generally reflected in the transaction price, whereas an equity acquisition does not involve the transfer of underlying assets and overall tax costs are relatively lower.

From a risk perspective, an asset acquisition helps isolate historical debts, whereas under an equity acquisition the target company's existing debts continue to exist.

Therefore, equity acquisitions are generally more advantageous for efficiency and business continuity, while asset acquisitions are more suitable where risk isolation is required.

Law stated - 31 March 2026

Types of entity

24 Explain the key differences between public, private, government or non-profit entities to consider when undertaking a corporate reorganisation.

In China, the regulatory requirements for reorganisations differ significantly depending on the type of entity.

For listed companies, reorganisations are strictly regulated by the CSRC and stock exchange rules. The Administrative Measures for Material Asset Restructurings of Listed Companies mandatorily requires detailed disclosure, an opinion from an independent financial adviser, and, for material transactions, CSRC approval.

Private companies enjoy greater flexibility in reorganisations and are primarily governed by the Company Law and contractual arrangements. They generally only need to complete internal decision-making procedures and register changes with the administration for market regulation.

Reorganisations involving state-owned enterprises (SOEs) are also subject to the state-owned assets supervision and administration regime (e, the Measures for the Supervision and Administration of State-owned Enterprise Asset Transactions). Such transactions generally require asset appraisal and a verification or filing procedure. In principle, they must be carried out through public trading on an equity exchange to prevent the loss of state-owned assets.

Non-profit entities (such as foundations and social service organisations) are governed by separate regulations (eg, the Charity Law, the Interim Regulations on the Registration and Administration of Non-enterprise Private Non-profit Units). Their reorganisation options are limited, and they cannot convert into for-profit companies. Mergers or demergers are possible but generally require approval from the competent registration authority.

Law stated - 31 March 2026

Post-reorganisation steps

25 Do any filings or other post-reorganisation steps need to be taken after the corporate reorganisation?

After a corporate reorganisation is completed, a series of registration and implementation steps are generally still required to ensure that the transaction arrangements are properly formalised.

First, the company must apply for change of registration with the administration for market regulation, including changes of shareholders, registered capital, company name, and merger or demerger matters. Failure to complete registration may affect the legal effectiveness of the transaction against third parties and may lead to administrative liability.

Second, if special tax treatment is involved, the relevant enterprises must submit the prescribed materials to the tax authorities and complete the filing or declaration during the corporate income tax final settlement period.

For reorganisations involving listed companies, ongoing disclosure obligations under securities regulatory requirements must be fulfilled, including disclosure of the completion of the transaction and relevant report documents.

In addition, the company generally needs to complete internal integration work, such as updating the articles of association, adjusting the governance structure, handling employee employment relationships, and updating important contractual arrangements.

Law stated - 31 March 2026

UPDATE AND TRENDS

Hot topics

26 What are your predictions for next year and how will these impact corporate reorganisations in your jurisdiction (for example, expected trends or pending legislation)?

The corporate reorganisation market in China is expected to remain highly active, driven by both policy dividends and industrial demand, and will show the following key trends:

First, continued policy relaxation and improved reorganisation efficiency. In May 2025, the China Securities Regulatory Commission amended the Administrative Measures for Material Asset Restructurings of Listed Companies, introducing a simplified review procedure and a mechanism for paying share consideration in instalments. These institutional innovations will significantly enhance M&A and reorganisation efficiency.

Second, entry of trillion-yuan capital and concentration of long-term funds. In March 2026, the National Development and Reform Commission made it clear that it would work with the Ministry of Finance, the People’s Bank of China and other authorities to establish a national-level M&A fund, which is expected to lead and leverage more than 1 trillion yuan of funds. Shanghai has already promoted the formation of a 50 billion yuan market-based M&A fund matrix, and three M&A clusters have commenced operations. Long-term capital such as insurance funds and pension funds is accelerating its entry into the M&A market.

Third, focus on new quality productive forces and industry integration-led approach. The 2026 Government Work Report explicitly provides for a "green channel" for M&A and restructuring of technology enterprises in key core technology fields. In 2025, the Shenzhen Stock Exchange recorded 1,317 newly disclosed M&A and restructuring transactions, a year-on-year increase of 48%, with M&A within the same industry or along the upstream/downstream chain dominating. The industrial logic of focusing on transformation and upgrading around the main business is becoming increasingly clear.

Overall, under the combined effect of policy guidance and capital support, corporate reorganisations in China will place greater emphasis on industrial synergies and long-term value creation.

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Law stated - 31 March 2026

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Summary

LEGAL AND REGULATORY FRAMEWORK

Types of transaction

1 What types of transactions are classified as "corporate reorganisations" in your jurisdiction?

Egyptian law does not define, per se, the term "corporate reorganisation" in relation to solvent companies, as such companies do not necessarily suffer financial difficulties that justify their reorganisation.

However, corporate reorganisation typically indicates substantial changes to a company's structure for the purpose of increasing profitability, eliminating inefficiencies and responding to market changes. Certain legal actions may be deemed as acts of corporate reorganisation in accordance with the provisions of the Egyptian Companies Law No. 159 of 1981 and its Executive Regulation, including, inter alia, the following legal actions:

- the increase or decrease of authorised capital;
- the amendment of rights, privileges or restrictions in relation to types of shares or quotas;
- the amendment of a company's purpose, its shareholding structure, its board of directors' composition or its legal form;
- spin-offs and split-offs within the same group of companies related to the same parent company;
- mergers within the same group of related companies;
- the acquisition of assets;
- the transfer of assets between related companies; and
- changing the company's legal form (eg, from a joint stock company to a limited liability company).

Furthermore, as per the Executive Regulation of Capital Market Law No. 95 of 1992 (the CM Law), certain legal actions may be deemed as corporate reorganisations in accordance with the CM Law. This may require notification and/or approval of the Financial Regulatory Authority for these actions, including, inter alia:

- the acquisition of a listed company's shares or voting rights through open market operations, not exceeding one-third of the voting rights or capital;
- the acquisition of a listed company's shares or voting rights through open market operations by non-employees or members of the board of directors;
- the capital restructuring among related companies or a group of related companies that includes a listed company; and
- cases of purchase of treasury shares, reduction of capital by execution of treasury shares or distribution of treasury shares as bonus shares.

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Rate of reorganisations

2 Has the number of corporate reorganisations in your jurisdiction increased or decreased this year compared with previous years? If so, what are the key drivers for such change in the number?

In Egypt, there are currently no publicly available official reports reflecting the actual volume of legal transactions deemed as corporate reorganisations. In practice, companies in Egypt may consider corporate reorganisations to (1) avoid certain legal obligations or restrictions (eg, avoiding higher taxation rates), and (2) to comply with new laws and regulations issued regulating certain sector (eg, technological, industrial, commercial or trading). However, there has been a recent increase regarding the acquisition or sale of assets, stemming from the financial challenges of the new economic landscape, due to the rise of disruptive global events such as the rising tensions in the Middle East whereby affected companies may be forced to consider corporate reorganisation.

Law stated - 27 February 2025

Jurisdiction-specific drivers

3 Are there any jurisdiction-specific drivers for undertaking a corporate reorganisation?

There are certain legislative restrictions regarding foreign nationals investing in: (1) certain sectors in Egypt, including commercial agency, real estate brokerage and importation for the purpose of trade; and (2) geographical zones, such as investing in the region of the Sinai Peninsula.

Many companies may be eligible to benefit from the exceptions provided by the Executive Regulation of the Capital Market Law No. 95 of 1992 (CM Law), as amended by Ministerial Decree No. 2482 of 2025, from the submission of a mandatory public tender offer to the Financial Regulatory Authority, in the event that a company acquires whether directly or indirectly, by itself or through its related parties, more than one-third of the capital in a target company. The Executive Regulation of the CM Law provides many exceptions that may be deemed as corporate reorganisations including, inter alia:

- the implementation of mergers between related parties;
- capital restructuring among related persons or a group of related companies;
- cases of purchase of treasury shares, reduction of capital by execution of treasury shares or distribution of treasury shares as bonus shares;
- in the event of a capital increase, if it is not the result of purchasing subscription rights during the process of the capital increase;
- cases that result in the ownership by a person alone or with their related persons of part or all of the shares or voting rights owned by a major shareholder alone or with their related persons in accordance with economic considerations or necessities approved by the Council of Ministers, up to a maximum of 50% of the shares or voting rights of the company; and

- a capital increase resulting from a debt-to-equity swap.

Furthermore, companies may revert to corporate reorganisation to avoid tax implications, since Income Tax Law No. 91 of 2005 stipulates that distributed dividends by Egyptian companies to their resident or non-resident shareholders, except for distributions made in the form of bonus shares, shall be subject to a taxable rate of 10% (Withholding Tax Rate).

Accordingly, corporate reorganisation may be initiated by a group of related companies to avoid payment of the Withholding Tax Rate in each level of a group of companies' structure.

Law stated - 27 February 2025

Structure

4 How are corporate reorganisations typically structured in your jurisdiction?

The structuring plan of a corporate reorganisation depends on the chosen method of corporate reorganisation, whether it is a transfer of assets (shares or quotas, or both), merger, acquisition or amendment to the legal status of an entity.

In general, corporate reorganisations are approved by the concerned companies' General Assembly meetings, then certified by the General Authority for Investment and Free Zones.

Additional steps may be required when carrying out certain processes. As an example to said additional steps, joint stock companies are required to obtain the Financial Regulatory Authority's Approval to issue new shares resulting from a merger or a capital increase.

Furthermore, Egyptian Antitrust Law No. 3 of 2005 and its executive regulations, as amended by Law No. 1120 of 2024, have exempted corporate reorganisations such as mergers and acquisitions between related companies from pre-notification to the Egyptian Competition Authority unless the reorganisation process results, directly or indirectly, in a change in control or material influence.

Law stated - 27 February 2025

Laws and regulations

5 What are the key laws and regulations to consider when undertaking a corporate reorganisation?

Key laws and regulations to consider when undertaking a corporate reorganisation include, inter alia, the following:

- Companies Law No. 159 of 1981 and its Executive Regulation;
- Capital Market Law No. 95 of 1992 and its Executive Regulation;
- Income Tax Law No. 91 of 2005 and its Executive Regulation;
- Egyptian Antitrust Law No. 3 of 2005;
-

Financial Regulatory Authority Resolution No. 11 of 2014 on the rules of Listing and Delisting of Securities on the Egyptian Stock Exchange;

- Investment Law No. 72 of 2017 and its Executive Regulation;
- Ministerial Decree No. 547 of 2018 on Egyptian Transfer Pricing Guidelines; and
- Unified Tax Procedures Law No. 206 of 2020 and its Executive Regulation.

Law stated - 27 February 2025

National authorities

6 | What are the key national authorities to be conscious of when undertaking a corporate reorganisation and what role does each authority play?

Various national governmental authorities should be contacted for approvals, certification or inspections during every step of the process of corporate reorganisation.

Procedures to be carried out and documents required for submission in the event of a corporate reorganisation differ depending on the special requirements of each chosen corporate reorganisation method, by which the operation shall be achieved based on the speciality of each corporate reorganisation, taking into account the tax implications.

However, there are key national authorities to be taken into consideration when undertaking most corporate reorganisations:

- the General Authority for Investment and Freezones;
- the Financial Regulatory Authority;
- the Misr for Central Clearing, Depository and Registry;
- the Egyptian Stock Exchange;
- the Egyptian Competition Authority;
- the Egyptian Tax Authority;
- General Organisation for Export and Import Control; and
- Commercial Registrar.

Law stated - 27 February 2025

KEY ISSUES

Preparation

7 | What measures should be taken to best prepare for a corporate reorganisation?

To ensure the best outcomes while carrying out corporate reorganisation procedures, regardless of the chosen type of corporate reorganisation, full legal, financial and tax due diligence should be conducted to ensure a better position for the company and to anticipate all possible risks that may arise from the corporate reorganisation.

In practice, an initial action plan should be prepared thoroughly by a legal counsel to include all actions to be taken and their duration, to avoid negative results obstructing the desired reorganisation process, while having full knowledge of the laws and regulations and the application of such laws. The plan should be validated by a tax consultant regarding the efficiency and risk probabilities of a corporate reorganisation.

Furthermore, said initial action plan should include the governmental authorities to be notified, the initial required documents and the expected time period during which the prerequisite action shall be carried out. Corporate reorganisations require internal declarations of all assets (whether subject to the reorganisation or not) and the legal forms of the entities involved in a corporate reorganisation.

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Key departments and operational issues

8 What departments of the concerned companies are most involved in corporate reorganisations and what are the most challenging operational issues?

Corporate reorganisations typically require the involvement of several core departments. The following departments are deemed to be the most important in the process of corporate reorganisations:

- legal department;
- compliance department; and
- finance and tax departments.

Although, corporate reorganisations in Egypt commonly encounter several operational difficulties that have legal implications. The most notable issues can be the regulatory procedures before the General Authority for Investment and Free Zones, the Commercial Registry and other authorities can be lengthy and require strict compliance with documentation and formality requirements. Delays often arise due to valuation approvals, notarisation procedures or the need for supplemental regulatory clarification.

Moreover, ensuring alignment with tax regulations, particularly relating to capital gains and transfer pricing, be complex. Post reorganisation tax structuring frequently requires careful planning to mitigate risks of reassessment by the tax authority.

Law stated - 27 February 2025

Employment issues

9 What are the main issues relating to employees and employment contracts to consider in a corporate reorganisation?

The merger, or acquisition of the establishment shall not result in the termination of the employment contracts of the establishment's employees. As a general rule, both the acquirer/merging company shall be jointly liable with the acquired/merged company for the execution of all obligations arising from these contracts. However, the treatment may differ for each of the aforementioned cases:

- In the event of a merger, the employment contracts of the merged company's employees are typically transferred automatically to the surviving company. However, in practice new employment contracts are usually drafted and concluded for the employees to be transferred to the new surviving company in the merger, taking into consideration that the merged (ie, the company that shall seize to exist upon the completion of the merger procedures) and the merging company (ie, the surviving company in a corporate reorganisation) should be jointly liable in satisfying employees' rights and benefits that were accrued prior to the merging or restructuring of the business, as well as all the obligations arising from the new employment contracts in accordance with the provisions of the Egyptian Labour Law No.14 for 2025 (Labour Law) which preserves employees' acquired rights. The conclusion of a new employment contract shall result in: (1) the seniority benefits attributable to senior employees under the merging companies and (2) the social insurance and pensions benefits not to be interrupted, in accordance with Social Insurance Law No. 148 for 2019.
- An acquisition should not result in the termination of employment contracts of employees under the company subject to the acquisition as the legal personality of the latter shall not cease. Nevertheless, in the event the acquirer chooses to terminate the contracts of the acquired company's employees, the dismissal of employees under the Labour Law mainly depends on whether the employment contract is a definite or an indefinite employment contract. The difference may be observed as follows:
  - Definite employment contracts: an employee may not be dismissed except for committing a gross error. The actions that may be deemed as a gross error are provided under the Labour Law and include, inter alia: impersonation and divulging confidential information. In the event the employment contract is concluded for more than five years, the employee shall be entitled to a compensation amount equivalent to one month's salary for each year of service. However, in the event the employment contract was concluded for less than five years, the employee shall be entitled to compensation equivalent to the salary for the remaining term of the contract or until the employee secures alternative employment, whichever occurs first, in addition to any other entitlements to which the employee may be entitled. However, in the event of termination for gross error, such compensation will not be due.
  - Indefinite employment contracts: either party may terminate the indefinite employment contract, provided that they notify the other party in writing three months prior to termination. However, employers and employees may not terminate an indefinite employment contract except for a lawful reason. If the employer terminates the indefinite-term contract for an unlawful reason, the employee shall have the right to compensation for the damage suffered as a result of this termination, of no less than two months' salary for each year of

service. The dismissal of employees by the employer shall take place through the competent labour court.

It is worth highlighting that the process of resignation is heavily regulated under the Labour Law. However, as per the ministerial decree No. 187 of 2025 issued in light of the Labour Law, the provisions regarding the acceptance of employees' resignation do not apply to cases where both parties to the employment relationship agree to terminate the employment contract amicably, whether the contract is for a fixed term or an indefinite term. Therefore, a mutual termination agreement must be drawn up between the parties, and this agreement must include provisions guaranteeing that the employees receive all their financial entitlements.

Law stated - 27 February 2025

10 | What are the main issues relating to pensions and other benefits to consider in a corporate reorganisation?

With regard to a merger between related companies, new employment contracts may be drafted for the transferred employees to the new surviving company in a merger, taking into consideration (1) seniority benefits such as annual leave, financial entitlements and the conditions of terminating the employment contract and (2) the pensions benefit under the social insurance.

Law stated - 27 February 2025

Financial assistance

11 | Is financial assistance prohibited or restricted in your jurisdiction?

The provision of financial assistance by a private company to fund the acquisition of shares in another company and, in particular, a subsidiary company is not a restricted practice under Egyptian law, and is commonly concluded by virtue of a shareholders' loan agreement or current account.

Furthermore, in accordance with the Executive Regulation of the Companies Law No. 159 of 1981, a company may acquire its treasury shares in one of the following cases:

- in the event of capital reduction;
- if the acquisition is for the purpose of implementing a system of rewarding or motivating employees or managers; and
- if a company's articles of association or articles of incorporation require the company's approval for the transfer of ownership of shares and the company does not grant said approval and acquires these shares.

Law stated - 27 February 2025

Common problems

12 What are the most commonly overlooked issues or frequently asked questions in a corporate reorganisation?

In practice, there are common issues considered by a company involved in the process of corporate reorganisation:

- the tax implications of a corporate reorganisation, such as the transfer pricing in the event of transactions made between related companies (eg, the acquisition of cross-border securities);
- the debt-to-equity swap, with a possibility of providing additional rights and management control to one shareholder by virtue of equity;
- the transfer or termination of employees and their indemnification thereto, whereas the old and new employers (surviving company) shall be jointly liable in satisfying employees' rights that were accrued before the transfer or restructuring of the business as well as all the obligations arising from the transferred employment contracts;
- the assets and business evaluation by the Economic Performance Sector of the General Authority for Investment and Free Zones prior to any corporate reorganisation, for which approval shall be required to undertake the corporate reorganisation; and
- the total cost of a corporate reorganisation, which should be necessarily expected as per the tax consultant's report and advice.

Law stated - 27 February 2025

ACCOUNTING AND TAX

Accounting and valuation

13 How will the corporate reorganisation be treated from an accounting perspective? How are target assets and businesses valued?

In a corporate reorganisation, all assets or businesses under consideration are required to be valued by the Economic Performance Sector of the General Authority for Investment and Free Zones.

In the event where a listed company wishes to sell shares exceeding 10% of its equity or purchase shares exceeding 10% of the equity of a listed company, an independent financial adviser registered with the Financial Regulatory Authority shall issue a fair value study in this regard.

Essentially, all corporate reorganisation methods require the company's auditor to be involved in a corporate reorganisation to diligently and efficiently prepare all the requested documents by the authorities from an accounting perspective, as per the Egyptian Accounting Standards, issued by virtue of Decision of the Central Auditing Organisation

No. 732 of 2020, including bank transfer statements (of the movement resulting from loan agreements between related parties, of related cash deposits, of company distributed and non-distributed profits and of recent approved capital increase or decrease) and the audited financial statements related to a financial year or several financial years.

Law stated - 27 February 2025

Tax issues

14 What tax issues need to be considered? What are the tax implications of carrying out a corporate reorganisation?

As a general rule, the tax implication varies depending on the chosen corporate reorganisation, the implications of which shall be necessarily covered or anticipated by the company's tax consultants, prior to initiating the corporate reorganisation procedures.

Moreover, under the Income Tax Law No. 91 of 2005 (Income Tax Law), if related companies place conditions in their commercial or financial transactions that differ from those between unrelated companies, which shall reduce the tax base or transfer its burden from one taxable company to another exempt or non-taxable company, the Egyptian Tax Authority shall determine the taxable profit on the basis of the neutral price.

Therefore, the Transfer Pricing Decree was adopted in 2018 to provide new tax guidelines when a cross-border transaction between related companies is to be concluded, triggering the submission of specific documents by the concerned companies. According to the Executive Regulation of the Income Tax Law, the neutral price may be determined by virtue of one of the following methods:

- the comparative free price method;
- the total cost added to the profit margin method;
- the resale price method;
- the profit distribution method; or
- the net transaction profit margin.

Aside from the above, the Income Tax Law also stipulates that the capital gains resulting from revaluation shall be taxed in the event of a change in the legal form of a company, including, inter alia, a merger of two related companies, dividing a resident company into two or more resident companies, changing the legal form of a limited liability company to a joint-stock company or vice versa. In this regard, the concerned company may postpone its taxation if the assets and liabilities are recognised at their book value on the date of the change of legal form for the purposes of calculating tax, and if the depreciation of the assets and the carryover of provisions and reserves are calculated in accordance with the rules established before such change.

Additionally, It is worth noting that capital gains realised from the disposal of securities listed on the Egyptian Stock Exchange, as well as capital gains realised from the disposal of securities of resident Egyptian companies not listed on the Egyptian Stock Exchange, whether listed or non-listed abroad are considered as taxable income under the Income Tax Law as follows:

- the disposal of listed companies' shares is subject to a 10% capital gains tax rate. It is worth noting that this tax is not implemented by the Egyptian Tax Authority.
- however, for non-listed companies, the capital gains tax rate shall be determined based on the net value of the profits in the securities portfolio of the seller realised at the end of the tax year based on the difference between the selling price, exchange or any other form of disposal of the securities or shares, and their acquisition cost, after deducting the brokerage commission.

Law stated - 27 February 2025

CONSENT AND APPROVALS

External consent and approvals

15 What external consent and approvals will be required for the corporate reorganisation?

Depending on the chosen method of corporate reorganisation, the following external approvals or consents, or both, may be required:

- the General Authority for Investment and Free Zones' certification and approval of related company resolutions in relation to the corporate reorganisation;
- the Financial Regulatory Authority's approval on the exemption from providing a mandatory public tender offer in the case of a corporate restructuring between related companies, if applicable;
- the Misr for Central Clearing, Depository and Registry approval on the transfer of shares;
- the Egyptian Stock Exchange declarations and final approval for the execution of the transfer of shares in a joint-stock company, if applicable; and
- in the event of a pledge, the right to sell the pledged securities and financial instruments shall be subject to the bank or financial institution's approval.

Law stated - 27 February 2025

Internal consent and approvals

16 What internal corporate consent and approvals will be required for the corporate reorganisation?

As a general rule, corporate reorganisation shall be approved by the shareholders of the concerned company by virtue of a general assembly meeting.

Moreover, in the event of capital increase, a pre-emptive right of the old shareholders in subscribing to the shares of the capital increase with nominal cash shares can be mandatory.

Aside from the above, the concerned companies' articles of incorporation may stipulate additional required internal corporate consents and approvals.

Law stated - 27 February 2025

ASSETS

Shared assets

17 How are shared assets and services used by the target company or business typically treated?

All shared assets and services by a company involved in a corporate reorganisation shall be necessarily subject to the prior evaluation of the whole business in the event of a corporate reorganisation, which is to be concluded by the Economic Performance Sector of the General Authority for Investment and Free Zones. Therefore, it is worth noting that the shared assets and services shall be taken into consideration during the planning process of the reorganisation by the tax experts, legal counsel and auditors to determine their viability.

Egyptian civil law provides that a company involved in a corporate reorganisation, and in particular a merger, may demand the division of shared assets. The agreement governing the shared assets may not prohibit the division for a period exceeding five years. If the term does not exceed said period, the agreement shall be executed in the right of the partner and successor.

Law stated - 27 February 2025

Transferring assets

18 Are there any restrictions on transferring assets to related companies? If not, are there measures that can be taken to allow such a transfer?

There are restrictions on commercial transactions made by and between related companies if related companies implement conditions in their commercial or financial transactions that differ from those between unrelated companies, with an objective to reduce the tax base or transfer its burden from one taxable company to another exempt or non-taxable company. Therefore, the Egyptian Tax Authority (ETA) shall be entitled to determine the taxable profit based on the neutral price of the relevant transaction, which shall be deemed as transfer pricing of transactions concluded between related companies under common ownership or control.

The ETA shall verify the proper application of the fair market value by related persons in their transactions with respect to the exchange of goods, services, raw materials, capital equipment, the distribution of shared expenses, royalty returns and other commercial or financial transactions that are carried out.

The Transfer Pricing Decree No.78 of 2023 issued by the ETA provides that the transfer pricing guidelines shall be the main reference when testing the application of the arm's-length principle in relation to the commercial and financial transactions between related parties. The guidelines shall be applicable to all related companies' transactions.

Law stated - 27 February 2025

19 | Can assets be transferred for less than their market value?

As a general rule, the valuation of assets depends primarily on whether the company is listed or non-listed on the Egyptian Stock Exchange (EGX).

- With respect to listed companies, the Financial Regulatory Authority's (FRA) Resolution No. 11 of 2014 on the rules of listing and Delisting of Securities on the EGX as amended by Resolution No. 26 of 2026 provides the following:
    - companies with securities listed on the EGX that intend, either independently or through any of their subsidiaries or entities under their effective control, to dispose of, by way of sale, any real estate, long-term tangible or intangible assets, or shares owned by them in non-listed or listed companies on the EGX,where the proposed sale price exceed or falls below 10% from the previous session's closing price, and where the estimated value of the proposed disposal represents 10% or more of the company's equity, based on its most recent standalone or consolidated annual or periodic financial statements, as applicable, are required to submit to the EGX a fair value study of the assets proposed to be sold. This study must be prepared, depending on the nature of the asset to be disposed of, by an independent financial adviser, real estate appraiser, or machinery and equipment valuer registered with the FRA as applicable, and shall be accompanied by a review report from the company's external auditor, as well as the board of directors' minutes approving the study, which the EGX will subsequently publish as a summary on its website and trading screens.
    - companies with securities listed on the EGX that intend, either independently or through their subsidiaries or entities under their effective control, to acquire shares of a company not listed on the EGX, or any real estate or other long-term assets, whether tangible or intangible, representing 10% or more of the equity of the listed company, as per its latest standalone or consolidated annual or periodic financial statements, shall submit to the EGX a fair value study of the assets or shares to be acquired. This study shall be prepared, depending on the nature of the assets to be acquired, by an independent financial adviser, real estate appraiser, or machinery and equipment appraiser, as applicable, registered with the FRA. The study must be accompanied by a report from the listed company's auditor and minutes of its board meeting approving the valuation study.

It is worth highlighting that a listed company, after obtaining prior approval from its extraordinary general assembly and without prejudice to the aforementioned conditions, may acquire shares of non-listed companies whose fair value, according to a report by an independent financial adviser, is equal to or greater than (100%) of the market value of the company whose securities are listed on the stock exchange on the date of acquisition.

- As for non-listed companies, the aforementioned restrictions don't apply. Accordingly, non-listed companies may dispose or purchase assets without FRA controls. However, there are other controls that may be taken into consideration, which include:
    - if related parties enter into financial transactions with terms that differ from those between unrelated parties, thereby reducing the tax base or shifting the tax burden from a taxable person to an exempt or non-taxable one, the Egyptian tax authority may determine the taxable profit based on the arm's length rate in accordance with one of the methods of calculation provided by the executive regulations of Law No. 91 of 2005 (eg, Resale Price Method or Comparable Uncontrolled Price); and
    - in the event the disposal or purchase of assets has taken place through a merger between two or more companies, a financial valuation of each company shall be made by the economic performance sector of the general authority for investment and free zones.

Law stated - 27 February 2025

FORMALITIES

Date of reorganisation

20 | Can a corporate reorganisation be backdated or deemed to have already taken place, for example, from the start of the financial year?

Under Egyptian law, a corporate reorganisation may not be backdated or have taken place retroactively, as its procedures shall start on the effective date of the first action taken for the submission of any documentation and may not differ from its actual execution date. In addition, certain competent authorities may consider any act related to a backdated corporate reorganisation as an act of intentional fraud or providing misleading information, which may result in the payment of fines or the non-implementation of the corporate reorganisation, or both.

Law stated - 27 February 2025

Documentation

21 | What documentation is required or advisable in a corporate reorganisation?

As a general rule, it has been established that the documentation required in a corporate reorganisation varies based on the purpose of the reorganisation and the type of reorganisation chosen to fulfil its desired outcomes and intended purposes. Therefore, the documents required shall be fundamentally distinguished on the basis of (1) the intended purpose, (2) the desired outcomes, (3) the approvals and permits to be obtained and (4) the governmental authorities to be informed, taking into account that even though the same authority may be notified for completion and to satisfy different methods of corporate reorganisation, the same authority may request the submission of different documents or data, or both.

However, the following documents are commonly requested in all corporate reorganisations, by most of the governmental authorities and their internal committees responsible for providing approval:

- the company's articles of association or articles of incorporation and its subsequent certified amendments;
- the company's commercial register;
- the company's financial statements for the financial years based upon which the corporate reorganisation shall be made, with the company auditor's reports attached to it; and
- all related agreements upon which the corporate reorganisation is based.

Law stated - 27 February 2025

Representations, warranties and indemnities

22 Should representations, warranties or indemnities be given by the parties in a corporate reorganisation? If so, which are most common?

Corporate reorganisations are mainly concluded between related companies or a group of related companies and their subsidiaries across multiple levels. Therefore, the parties involved in a corporate reorganisation shall not be legally required to give representation, warranties or indemnities. However, these may be presented and provided as an option, depending on internal discussions at high levels of senior management.

Law stated - 27 February 2025

Assets versus going concern

23 Does it make any difference whether assets or a business as a going concern are transferred?

It is important to distinguish between the two types of deals as follows.

Where assets are the subject of a transfer between related companies in a corporate reorganisation, it shall be deemed as an asset deal whereby the related companies shall continue to exist and operate fully and independently. Assets that may be subject to a sale or purchase deal may include, inter alia:

- equipment;

- machinery;
- securities;
- intellectual property;
- real estate; and
- services.

Such sale/purchase deals shall require many approvals that may differ depending on the assets to be acquired.

Assets that may be subject to a sale or purchase deal may include, inter alia:

- equipment;
- machinery;
- securities;
- intellectual property;
- real estate; and
- services.

If a business is the subject of a transfer between related companies in a corporate reorganisation deemed as a corporate deal, a company shall transfer its whole business.

- The Industrial Development Authority in the event of transfer of industrial factories;
- The Customs Authority in the event of importation of an asset; and
- The National Telecommunications Regulatory Authority in the event of the acquisition of machinery that may comprise any communication components.

Where a business is the subject of a transfer between related companies in a corporate reorganisation, it shall be deemed as a corporate deal where a company shall transfer its whole business.

Therefore, it constitutes a transfer of all assets and liabilities of a company entailing the transfer of licences, capital, assets, real estate, intellectual property, machinery, equipment and liabilities. Accordingly, a company shall be transferred in its integrity to another related company through: (1) a merger (the merged company shall be dissolved and transferred in whole to the surviving company); or (2) an acquisition (a company shall be acquired by another related company).

The distinction between transfer of assets and transfer business shall be reflected in the tax implications as per the Income Tax Law, the amount of procedures to be achieved through multiple competent authorities and the satisfaction of approvals requirements.

It is worth noting, the purchase of a joint stock company's shares shall require approvals, such as Misr for Central Clearing, Depository and Registry's approval, the Egyptian Stock Exchange's declaration and approval, Financial Regulatory Authority's approval, in addition to the shareholders’ approval by virtue of a General Assembly meeting.

The planning process includes a number of different procedures for the transfer of the whole business and its licences thereof with a higher cost than the transfer of an asset. These procedures include, inter alia:

- the valuation of the merged and merging companies by the economic performance sector of the general authority for investment and free zones;
- the transfer of employees to the surviving company; and
- the transfer of the industrial register and the industrial licence in the event the merged or acquired company exercises industrial activities.

It is important to highlight that asset deals are typically subject to value added tax, which does not apply to business deals. Moreover, asset deals relating to immovable property are not subject to real estate disposal tax.

Law stated - 27 February 2025

Types of entity

24 | Explain the key differences between public, private, government or non-profit entities to consider when undertaking a corporate reorganisation.

All private entities are governed by a specific set of rules and provisions, in particular in accordance with the companies Law No.159 of 1981 or the investment law No. 72 of 2017, whereas the general authority for investment and free zones is the main governmental authority charged with all corporate governance requirements of such private companies, including, inter alia, corporate reorganisations and their approvals.

Publicly traded entities are also governed by a specific set of rules, particularly, these entities are governed by capital markets Law No. 95 of 1992, listing and delisting rules which were issued by the financial regulatory authority's (FRA) Resolution No. 11 of 2014, as well as other FRA resolutions concerning mandatory disclosures for publicly traded companies.

Government entities (ie, governmental authorities, public sector companies owned wholly or partially by the state or one of its authorities) are governed by Public Sector Companies Law No. 203 of 1991 (the Public Sector Law) and its Executive Regulation. Holding companies may be divided and merged by virtue of a decision issued by the prime minister, based on the proposal of the competent minister, and their subsidiaries may be divided and merged by a decision of the board of directors of the company or holding companies and the general assemblies of merged, merging or divided companies, as the case may be. In addition to the Public Sector Law, the provisions of the Companies Law regarding mergers apply to merger cases for public entities.

Non-profit entities are subject to the provisions of Civil Work Law No. 149 of 2019 and its Executive Regulation, which stipulates that all corporate reorganisation requests shall be presented to the ministry concerned with the affairs of associations and civil work, the fund to support the projects of associations and civil institutions, the Central Unit for Associations and Civil Work and its sub-units.

Law stated - 27 February 2025

Post-reorganisation steps

25 Do any filings or other post-reorganisation steps need to be taken after the corporate reorganisation?

Generally, the involvement and the notification of governmental authorities is required to be made prior to and during the corporate reorganisation, to satisfy the necessary approvals and requirements of the corporate reorganisation.

However, Egyptian Antitrust Law No. 3 of 2005 and its executive regulations, as amended by Law No. 1120 of 2024, have exempted corporate reorganisations, such as mergers and acquisitions between related companies, from the pre-notification of the Egyptian Competition Authority unless the reorganisation process results, directly or indirectly, in a change in the control or material influence.

Furthermore, certain reorganisations require post-reorganisation procedures. More specifically, in the event where a joint stock company is increasing its authorised capital and issuing new shares, the company shall be required to reflect its newly issued shares in the Misr for Central Clearing, Depository and Register.

Law stated - 27 February 2025

UPDATE AND TRENDS

Hot topics

26 What are your predictions for next year and how will these impact corporate reorganisations in your jurisdiction (for example, expected trends or pending legislation)?

New laws and resolutions have been issued recently that are relevant to the reorganisation of companies that include, inter alia:

- Law No. 14 of 2025 (New Labour Law), which relates to corporate reorganisations in cases of liquidation or downsizing for economic reasons, the New Labour Law mandates specific notification processes during downsizing, and the transfer of employees during mergers or acquisitions.
- Prime Minister Decree No. 3725 of 2025, regarding the amendment of the framework for Egyptian Auditing and Assurance Standards (EAAS): this amendment increases documentation requirements in certain areas, including accounting estimates, fraud risk assessment, going-concern evaluations, and provides for in-depth audit for listed companies. This new EAAS framework shall take effect on 1 January 2027, replacing the old EAAS framework issued in 2008.
- The Financial Regulatory Authority (FRA) has adopted a new resolution, No. 26 of 2026, which amends the listing and delisting rules issued by Resolution No. 11 of

2014. The new resolution has amended many existing provisions and has introduced new provisions to FRA Resolution No.11 of 2014 provisions include, inter alia:

- amending procedures for the sale and purchase of assets of a listed company, including the sale of shares in other companies;
- amending procedures of capital increases for listed companies as well as the change of purpose for listed companies;
- amending procedures for the listing and delisting of companies on the Egyptian Stock Exchange (EGX); and
- introducing an exception to the requirements for the merger of a company listed on the EGX with a non-listed company in the event the assets of the non-listed company have a higher net value than the market value of the listed company. This exception entails that in the event the listed company is partly or wholly owned by the non-listed company, the transaction shall be exempted from the requirements provided under the Listing Rules.

Law stated - 27 February 2025

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Summary

LEGAL AND REGULATORY FRAMEWORK

Types of transaction

1 What types of transactions are classified as "corporate reorganisations" in your jurisdiction?

Share purchase is a typical method for corporate reorganisations, but other methods can be utilised. The following types of transactions can be classified as corporate reorganisations under Japanese law:

- mergers;
- company splits;
- share exchanges and share transfers;
- partial share exchanges;
- business transfers; and
- entity conversions.

A merger involves the act of two or more companies entering into a merger agreement, where either all of the subject companies are dissolved to form a new company (referred to as consolidation-type merger), or some of the companies are absorbed into another existing company (referred to as an absorption-type merger). In both cases, all rights and obligations of the dissolving companies are effectively transferred to the newly formed company or the surviving company.

A company split is the act of a company transferring all or part of its rights and obligations related to its business to an existing company (referred to as "absorption-type company split") or to a newly established company (referred to as "incorporation-type company split"). The determination of which rights and obligations related to the business are transferred is specified by the absorption-type company split agreement or the incorporation-type company split plan.

Share exchange and share transfer are acts aimed at making a company a wholly owned subsidiary of another company. In a share exchange, all shares of a company are transferred to another existing company, making the former company a wholly owned subsidiary of the latter. Consideration is allotted to the shareholders of the subsidiary by the parent company. In a share transfer, all shares of a company are transferred to a newly established company, making the former company a wholly owned subsidiary of the latter. Consideration is allotted to the shareholders of the subsidiary by the newly established parent company.

Share exchange is commonly seen in corporate acquisitions, while share transfer can be utilised when multiple companies wish to establish a new holding company for business integration purposes.

A partial share exchange is when a company acquires shares of another company in return for its own shares to make the latter company a subsidiary. This is based on individual agreements between the to-be-parent company and shareholders of the to-be-subsidiary company. While a share exchange can only be used to establish a wholly owned parent-subsidiary relationship, a partial share exchange can make a company a non-wholly owned subsidiary.

A business transfer is the act of a company transferring specific business operations to another entity. Since the scope of the transfer can be determined flexibly within the business transfer agreement, it is a commonly used method for corporate reorganisations. A business transfer differs from a merger or company split in that individual consent from the other party is necessary for the transfer of contractual rights and obligations included in the transferred business.

An entity conversion refers to either: (1) a stock company maintaining its legal personality while converting to a general partnership company, a limited partnership company, or a limited liability company (collectively, "membership companies"); or (2) a membership company converting to a stock company.

When certain conditions are met, simplified or short form proceedings are available for mergers, company splits, share exchanges, partial share exchanges and business transfers.

Law stated - 30 January 2026

Rate of reorganisations

2 Has the number of corporate reorganisations in your jurisdiction increased or decreased this year compared with previous years? If so, what are the key drivers for such change in the number?

There is currently no unified official data on the number of corporate reorganisations in Japan. However, M&A transaction data provides some insight into corporate reorganisation trends in Japan.

It was reported that the number of M&A transactions involving Japanese companies in 2025 reached a record high of 4950, while the transaction value also grew to approximately ¥33 trillion. This was driven in part by active corporate reorganisations. Some anticipate that this tendency will continue in 2026.

Law stated - 30 January 2026

Jurisdiction-specific drivers

3 Are there any jurisdiction-specific drivers for undertaking a corporate reorganisation?

It has long been pointed out that Japanese companies have poor capital efficiency and profitability compared to those in the United States and other countries. To address this issue, on 31 March 2023, the Tokyo Stock Exchange published a document titled "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" addressed to all listed companies on the Prime Market and Standard Market. The document urged companies to present their analyses and assessments of their profitability and market valuation in a form that is easy for investors to understand, to disclose targets, plans and initiatives for improvement, and to promote management that is conscious of cost of capital and stock price. Notably, the document highlighted that a Price-to-Book Ratio (PBR) below 1 is an indicator that a company is not achieving profitability exceeding its cost of capital or that investors are not seeing enough growth potential. Since the publishing of this document, the Tokyo Stock Exchange has been monitoring and encouraging companies' efforts, including by disclosing a list of companies that have made disclosures in accordance with the document, best practices, and cases where companies are not aligned with investors' perspectives.

In this context, corporate reorganisations may be used by companies to invest in growth areas or to carve out low-profit businesses, thereby contributing to the improvement of PBR.

Law stated - 30 January 2026

Structure

4 | How are corporate reorganisations typically structured in your jurisdiction?

The structure of a corporate reorganisation would depend on its particular circumstances including, most importantly, the desired outcome of the reorganisation. Whether the reorganisation qualifies for tax merits also significantly influences the choice of method.

Mergers are used to fully integrate the businesses of two or more companies. In a consolidation-type merger, shareholders of the original companies essentially become shareholders of the newly established company. However, in an absorption-type merger, shareholders of the dissolving company may be allocated shares, bonds or share options of the surviving company, or they may receive cash only. Cash-out mergers are particularly common in mergers involving private companies, where the surviving company wishes to maintain its existing shareholder composition. In practice, absorption-type mergers are more commonly used than consolidation-type mergers.

Company splits can be utilised within a corporate group to either establish a new subsidiary or to carve out a business division of one group company and integrate it into another group company engaged in similar business activities. It can also be used to transfer part of a business outside of the corporate group.

Share exchanges are utilised when existing companies wish to establish a wholly owned parent-subsidiary relationship. The company becoming the parent can achieve this goal without the preparation of acquisition funds as it can issue new shares as consideration. If a share exchange results in an excessive increase of minority shareholders in the parent company, the parent company can implement a share consolidation to reduce the minority shareholders' holdings to less than one share, thereby achieving a squeeze-out. It is also possible to use cash instead of the parent's shares as consideration, in which case the subsidiary's shareholders shall be excluded from the outset.

Share transfers are commonly used to establish a holding company between an existing company and its shareholders, making the existing company a wholly owned subsidiary of the newly established company.

Partial share exchanges can establish non-wholly owned parent-subsidiary relationships, whereas share exchanges and share transfers can only establish wholly owned parent-subsidiary relationships.

Law stated - 30 January 2026

Laws and regulations

5 What are the key laws and regulations to consider when undertaking a corporate reorganisation?

Key laws and regulations to consider when undertaking a corporate reorganisation include the following:

- Law No.86 of 2005, as amended (the Companies Act);
- Law No.25 of 1948, as amended (the Financial Instruments and Exchange Act);
- Law No.54 of 1947, as amended (the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade;
- Law No.26 of 2018, as amended (the Act on Strengthening Industrial Competitiveness);
- Law No.228 of 1949, as amended (the Foreign Exchange and Foreign Trade Act) and related orders;
- various tax laws; and
- rules of relevant stock exchanges.

The Companies Act establishes the fundamentals of various corporate reorganisation methods. It outlines the procedures required for corporate reorganisations, including resolutions by the board of directors and shareholders' meetings.

The Financial Instruments and Exchange Act requires attention when the company involved is a listed company or a company under certain obligations to disclose securities reports. The act includes regulations on tender offers, insider trading and timely disclosure.

The Act on Prohibition of Private Monopolization and Maintenance of Fair Trade prohibits corporate reorganisations such as the acquisition of shares, mergers, company splits and business transfers if they substantially restrict competition in certain fields. Additionally, it mandates prior notification for certain corporate reorganisations that are likely to impact the market.

The Act on Strengthening Industrial Competitiveness allows competent authorities to approve initiatives aimed at improving productivity through business reorganisation as certified business reorganisation plans. Initiatives that receive certification are eligible for benefits such as tax incentives, financial support and simplification of reorganisation procedures.

The Foreign Exchange and Foreign Trade Act regulates capital transactions and other activities with foreign companies or individuals. When foreign investors seek to acquire Japanese companies engaged in certain businesses through methods such as share purchases or business transfers, prior notification to the competent authority is required. The specified industries include a wide range of sectors, such as the manufacturing of weapons and aircraft, general-purpose products with potential military applications, and the semiconductor manufacturing industry.

Tax law is revised annually across various tax-related statutes such as the Corporation Tax Act, the Act on Special Measures concerning Taxation and Income Tax Act to facilitate the smooth implementation of corporate reorganisations.

Rules of stock exchanges provide various disclosure requirements for listed companies.

Law stated - 30 January 2026

National authorities

6 | What are the key national authorities to be conscious of when undertaking a corporate reorganisation and what role does each authority play?

The main national authorities to be conscious of when undertaking a corporate reorganisation are:

- The Ministry of Legal Affairs of Japan;
- The Financial Services Agency of Japan;
- The Japan Fair Trade Commission;
- The National Tax Agency of Japan;
- The Ministry of Economy, Trade and Industry; and
- The Ministry of Finance of Japan.

If a listed company is involved in the reorganisation, the Tokyo Stock Exchange and any other relevant stock exchange are also relevant.

Law stated - 30 January 2026

KEY ISSUES

Preparation

7 | What measures should be taken to best prepare for a corporate reorganisation?

First, it is essential to envisage the structure of the corporate group after the corporate reorganisation and consider which method is suitable for the desired structure. During planning, it is essential to consider the tax implications arising from the use of the corporate reorganisation method selected.

Second, as a prerequisite for implementing the corporate reorganisation, it is necessary to assess the business value of the target companies. From this perspective, it is often crucial to conduct due diligence in different areas. However, due diligence is often conducted in a simplified manner in intra-group corporate reorganisations.

Law stated - 30 January 2026

Key departments and operational issues

8 What departments of the concerned companies are most involved in corporate reorganisations and what are the most challenging operational issues?

Corporate reorganisations in Japan typically involve multiple departments, but the most critical ones are corporate strategy or business planning, legal, finance and accounting, human resources, investor relations and any business units that are directly affected by the corporate reorganisation.

While there could be many challenging operational issues in corporate reorganisations, stakeholder management is one of the most significant ones. Effective communication with key stakeholders – including employees, customers and suppliers – is critical to ensuring a smooth transition. Given Japan's strong labour protections, reducing the workforce often requires voluntary retirement programs or reassignment efforts to comply with the Labour Standards Act and other employment laws. Another consideration is the potential impact on supplier and customer relationships. For example, many contracts contain change of control provisions, which may require consent or renegotiation when a corporate reorganisation occurs. To avoid disruptions to key supply or customer agreements that could diminish the value of the relevant entities, companies undergoing reorganisations should thoroughly review their contractual obligations and plan ahead how to engage with counterparties to ensure a seamless transition.

Law stated - 30 January 2026

Employment issues

9 What are the main issues relating to employees and employment contracts to consider in a corporate reorganisation?

Mergers and corporate splits result in comprehensive succession of rights and obligations; therefore, existing employment contracts are maintained as they are.

In the case of a company split, the split agreement or split plan, depending on the type of company split, specifies which employees are transferred to the other company. However, since the identity of the employer has a significant impact on the employees, various protections are in place for the employees. The Act on the Succession of Labour Contracts upon Company Split (Law No. 103 of 2000) and its related rules and guidelines stipulate that prior notification to employees and labour unions is required for a company split. Also, employees who are not transferred despite being engaged in the business to be transferred have the right to lodge an objection.

In the case of a business transfer, the individual consent of employees is required to transfer employment contracts to the other company. The Ministry of Health, Labour and Welfare instructs companies in its guidelines to obtain individual consent from employees after sufficient consultation.

Special attention should also be paid to secondment (*shukko*) arrangements in the context of corporate reorganisations. For example, where a subsidiary is transferred from one corporate group to another, employees seconded from the seller group to the subsidiary may, as a result of the reorganisation, be seconded to a company outside their original corporate group. In some cases, such secondees may constitute key personnel whose continued involvement is critical to the continuity of the transferred business. In such cases, the parties should carefully consider whether the secondees should be returned to the original employer, transferred permanently to the subsidiary, or seconded on a temporary basis under an agreed transitional agreement between the seller group and the acquirer group.

If companies wish to lay off employees or change terms of employment as part of a corporate reorganisation, they should be aware that there are strict requirements for employee dismissals under the Labour Standards Act (including judicial precedents based on the Act), which apply in the case of corporate reorganisations including mergers and company splits.

Law stated - 30 January 2026

10 | What are the main issues relating to pensions and other benefits to consider in a corporate reorganisation?

In mergers and company splits, the terms of employment (including pensions and other welfare benefits) are transferred without change.

If the welfare benefits of the transferor are more comprehensive than those of the transferee, in theory, they are transferred as they are. However, it is customary for the transferee to seek standardisation of welfare benefits. Typically, negotiations are conducted with the affected employees to align the level of welfare benefits with those of the transferee.

In the case of business transfers, employment contracts between the transferor and its employees are not automatically transferred to the transferee.

To transfer an employee, the transferee may either: (1) obtain the individual consent of the employee after offering the same employment terms (including pension) as the transferor; or (2) enter into a new employment contract with the employee.

Law stated - 30 January 2026

Financial assistance

11 | Is financial assistance prohibited or restricted in your jurisdiction?

In Japan, there is no equivalent concept of financial assistance in the context of corporate reorganisations.

Nonetheless, when a company considers providing financial assistance without consideration as part of its activities, it is imperative for its directors to act in accordance with their duties of care and loyalty and carefully assess whether such decision is reasonable. Moreover, if a company provides financial assistance without consideration, there is a risk of it being recognised as a taxable donation.

Law stated - 30 January 2026

Common problems

12 What are the most commonly overlooked issues or frequently asked questions in a corporate reorganisation?

The involvement of companies in financial distress in corporate reorganisations may often become an issue.

First, regarding mergers, it is possible for an insolvent company to be the dissolving company in an absorption-type merger. For example, a parent company may decide to absorb a wholly owned subsidiary that is insolvent. However, in such case, the surviving company must explain the situation and obtain approval from its shareholders at a shareholders' meeting.

Next, regarding company splits, an insolvent company may decide to transfer certain business divisions to another company or a newly established company through a company split. To protect the creditors of the splitting company, the Companies Act stipulates that if the splitting company conducts a company split knowing that it will harm remaining creditors, those creditors can demand the successor or newly established company to fulfil obligations up to the value of the transferred assets. Additionally, legal precedent has established that if the consideration for the company split is not reasonable, the creditors remaining with the splitting company can nullify the split to the extent necessary to secure their claims. Furthermore, if the remaining splitting company enters proceedings such as bankruptcy, the bankruptcy trustee has the right to exercise avoidance powers if the consideration for the company split is deemed unreasonable. Therefore, when an insolvent company undertakes a company split, it is crucial to ensure that the consideration is fair and reasonable.

Finally, when an insolvent company attempts to carve out its profitable business segment through a business transfer, similar risks arise as with a company split. Unless careful attention is paid to the fairness of the consideration, there is a risk that creditors may partially rescind the business transfer, or that the bankruptcy trustee may exercise avoidance powers if the insolvent company declares bankruptcy after the transfer.

If an insolvent company is undergoing formal rehabilitation proceedings such as civil rehabilitation proceedings or corporate reorganisation proceedings, it is possible to implement corporate reorganisation measures during these respective procedures.

Law stated - 30 January 2026

ACCOUNTING AND TAX

Accounting and valuation

13 How will the corporate reorganisation be treated from an accounting perspective? How are target assets and businesses valued?

The accounting treatment of corporate reorganisations is governed by the Accounting Rule for Corporate Combination.

Under the rules, the accounting treatment of corporate reorganisations does not vary according to each reorganisation method, but rather depends on how the control relationship changed before and after the corporate reorganisation. It is classified into the following three categories:

- acquisition;
- transactions under common control; and
- formation of joint ventures.

First, 'acquisition' refers to when one company gains control over another company or businesses that constitute the company. The accounting treatment for acquisitions follows the purchase method, where the acquiring company evaluates the fair market value of the acquired company or business at the time of acquisition for accounting purposes.

Next, 'transactions under common control' refer to corporate reorganisations where all the entities involved, before and after the reorganisation, are ultimately controlled by the same shareholders and this control is not temporary. As the control relationship remains unchanged, the acquired company or business is generally accounted for at the appropriate book value immediately before the transfer.

Lastly, 'formation of joint ventures' entails the creation of an enterprise jointly controlled by multiple independent companies through contracts or other means. To qualify as a joint venture formation, there must be multiple independent companies controlling the business before and after the corporate reorganisation, and specific requirements such as joint control agreements must be met. The accounting treatment for the formation of joint ventures involves accounting procedures for both the controlling companies and the controlled companies. The controlling companies account for the assets and liabilities acquired by the joint venture at their fair book values before the transfer.

Law stated - 30 January 2026

Tax issues

14 What tax issues need to be considered? What are the tax implications of carrying out a corporate reorganisation?

Whether a corporate reorganisation is tax qualified is a significant factor in choosing the reorganisation method. Therefore, companies should carefully consider the tax treatment of a corporate reorganisation with assistance from tax professionals.

The general rule under the Corporate Tax Act is that, when a company transfers assets or liabilities to another company, such assets or liabilities are assessed at fair market value. Also, gains or losses on the transfer of assets or liabilities should be recognised at the time of transfer.

However, if the requirements for a qualified reorganisation are met (ie, the corporate reorganisation is tax-qualified), assets and liabilities transferred due to the corporate reorganisation can be transferred at book value. This means that the transferee can defer the recognition of these assets and liabilities until they are subsequently disposed of. Additionally, latent gains and losses do not need to be recognised immediately.

The requirements for a tax-qualified reorganisation vary depending on the relationship between the companies involved in the reorganisation. The following table provides a simplified overview of the requirements.

—	Undertaken between companies with 100% control	Undertaken between companies with controlling relationship (more than 50% and less than 100%)	Undertaken to jointly engage in business
Assets other than shares are not allotted as consideration		Requirements for tax qualification	
100% control is expected to continue	Approximately 80% or more of employees are transferred	Same as left	
—	Transferring business is expected to continue after reorganisation	Same as left	
—	Major assets and liabilities are transferred	Same as left	
—	Controlling relationship is expected to continue	Scale of business is generally within five times that of the other business, or certain officers are transferred	
—	—	Businesses are related	
—	—	Controlling shareholder continues to hold shares that are consideration for	

		the corporate reorganisation	

These requirements for tax qualification are not always clear cut; thus, it is important to obtain advice from tax professionals.

Law stated - 30 January 2026

CONSENT AND APPROVALS

External consent and approvals

15 What external consent and approvals will be required for the corporate reorganisation?

First, there are restrictions on the implementation of corporate reorganisations in certain industries. For example, mergers involving banks require approval from the Prime Minister to be effective. The same applies to insurance companies.

In addition, certain corporate reorganisations may be subject to prior notification to, and review by, the Japan Fair Trade Commission under the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, where the transaction meets relevant thresholds.

Next, when companies involved in company splits are engaged in businesses that require permits or approvals from competent authorities, it is necessary to determine the impact of the company split on such permits or approvals, including:

- whether such permits or approvals are automatically transferred and only post-notification is required;
- whether prior approval from the authorities is required;
- the permits or approvals are a condition for the effectiveness of the merger or company split; and
- whether new registrations or permits need to be obtained, because the system may vary for each permit or approval.

In some cases, an agreement with a third party may: (1) require prior approval by the third party of a corporate reorganisation; or (2) give the third party a termination right in the case of a corporate reorganisation. If the company involved has entered into a loan agreement, there may be covenants requiring prior consent of the lenders when undergoing corporate reorganisation.

Additionally, there may be change-of-control provisions in agreements, under which corporate reorganisations that result in change of control of a party trigger termination rights and other effects.

Law stated - 30 January 2026

Internal consent and approvals

16 What internal corporate consent and approvals will be required for the corporate reorganisation?

Generally, when implementing corporate reorganisations, approval by the board of directors is required.

In addition, in the case of a merger, company split, share exchange, share transfer or partial share exchange, approval by a special resolution of the shareholders' meeting is required at one or more of the companies involved. However, when conditions for simplified proceedings (in principle, when one company is considerably smaller than the other company) or short form proceedings (when one company owns 90% or more of the voting rights of the other company) are met, approval by a shareholders' meeting may not be required. Simplified proceedings are available for mergers, company splits, share exchanges and partial share exchanges, whereas short-form proceedings are available for mergers, company splits and share exchanges.

In the case of a business transfer where the subject of transfer constitutes all or a significant part of a company's business, approval by a special resolution of the shareholders' meeting is required at the transferor company. In general, a shareholder resolution is not required at the transferee company; however, if all of a company's business is being transferred, a special resolution of the shareholders' meeting becomes necessary at the transferee company. Even in such cases, when conditions for simplified proceedings or short form proceedings are met, a shareholder resolution is not required at either one or both of the companies involved.

A special resolution requires the presence of shareholders holding a majority of the voting rights and the approval of at least two-thirds of the voting rights of the shareholders present.

Law stated - 30 January 2026

ASSETS

Shared assets

17 How are shared assets and services used by the target company or business typically treated?

If assets or services are used based on an agreement, the impact of a corporate reorganisation on such use depends on the terms of the agreement.

Especially with regard to assets and services that are crucial for business operations, companies should thoroughly consider the impact of corporate reorganisation on their use before implementation. In cases where a business is being separated or carved out as part of a corporate reorganisation, it may be necessary for the parties to enter into a transition services agreement to allow the separated entity to continue using certain assets or services for a transitional period. This ensures operational continuity while the new entity establishes independent systems and resources.

Law stated - 30 January 2026

Transferring assets

18 | Are there any restrictions on transferring assets to related companies? If not, are there measures that can be taken to allow such a transfer?

There are no specific restrictions on transferring assets to related companies; however generally, when a company sells significant assets, approval from the board of directors is required under the Companies Act. Additionally, if the directors of the seller and the buyer are the same individuals, the transfer of assets may constitute a conflict-of-interest transaction and require approval from the board of directors.

Law stated - 30 January 2026

19 | Can assets be transferred for less than their market value?

It is legally possible to transfer assets for less than market value; however, when a stock company sells its assets below market price, it may raise issues concerning the directors' duty of care.

Additionally, if the buyer is an individual, gift tax may apply, and if the buyer is a company, the difference between the market price and the sale price may be considered a gain from donation and subject to corporate tax.

Law stated - 30 January 2026

FORMALITIES

Date of reorganisation

20 | Can a corporate reorganisation be backdated or deemed to have already taken place, for example, from the start of the financial year?

A corporate reorganisation cannot be backdated or deemed to have already taken place as the Companies Act mandates various procedures (such as shareholder resolutions, board resolutions, registration, etc) for corporate reorganisations to become effective.

Law stated - 30 January 2026

Documentation

21 | What documentation is required or advisable in a corporate reorganisation?

Mergers are contractual agreements between the parties involved; therefore, the execution of a merger agreement specifying matters such as the merger conditions, the structure of the surviving company or newly established company and the progress of the merger proceedings, is required for both absorption-type mergers and consolidation-type mergers.

Absorption-type company splits are, similar to mergers, contractual agreements between the parties involved. The companies involved in an absorption-type company split must conclude a company split agreement specifying the conditions of the split (such as the rights and obligations to be absorbed, the absorption split price, etc) and other matters such as the effective date of the company split. In the case of an incorporation-type company split, the splitting company must prepare an incorporation-type company split plan, which specifies the rights and obligations to be transferred to the newly established company, and other conditions of the company split.

In the case of a share exchange, the parties involved must conclude a share exchange agreement specifying the conditions of the share exchange. In the case of a share transfer, the company becoming the wholly owned subsidiary through the share transfer must prepare a share transfer plan, which must specify matters such as the conditions of the share transfer.

In the case of a partial share exchange, the to-be-parent company must prepare a partial share exchange plan, which must indicate the company to be its subsidiary, the minimum number of shares to be acquired by the to-be-parent company, and the conditions of the partial share exchange, etc.

In the case of an entity conversion (ie, when a stock company converts to a membership company, such as a limited liability company, or when a membership company converts to a stock company), the preparation of an entity conversion plan is required. Such a plan must specify matters including the post-conversion structure and framework of the company.

From a practical perspective, where a subsidiary is carved out from a corporate group and transferred to a new parent, it is important to identify and appropriately address various intra-group agreements between the former parent company and the subsidiary. Such agreements often include arrangements that are specific to the former group structure and may need to be terminated, amended, or maintained only on a temporary basis. In these cases, it is common to enter into separation-related agreements to clearly define the post-transaction relationship between the target subsidiary and the former and new parent companies.

Law stated - 30 January 2026

Representations, warranties and indemnities

22 | Should representations, warranties or indemnities be given by the parties in a corporate reorganisation? If so, which are most common?

While statutes do not require representations, warranties or indemnities to be given in corporate reorganisations, contracts among involved parties often include representations and warranties clauses and indemnification clauses. Such clauses are less common in intra-group corporate reorganisations.

Law stated - 30 January 2026

Assets versus going concern

23 Does it make any difference whether assets or a business as a going concern are transferred?

The treatment of asset transfers and business transfers differs in the context of tax law.

The tax treatment of an asset transfer is decided based on the fair market value at the time of transfer.

In the case of a business transfer (ie, when business is transferred as a going concern), the subject of transfer includes not only the assets constituting the business but also liabilities and other elements such as know-how. Therefore, there is often a difference between the purchase price of the business and the fair market value of the assets constituting the business. This difference is recognised as goodwill and is amortised over five years in accordance with tax law.

Law stated - 30 January 2026

Types of entity

24 Explain the key differences between public, private, government or non-profit entities to consider when undertaking a corporate reorganisation.

Non-profit organisations such as general incorporated associations, general incorporated foundations and corporations engaging in specified non-profit activities cannot undergo entity conversions to become for-profit organisations such as stock companies or membership companies.

Furthermore, the following conversions are not allowed: a general incorporated association to become a general incorporated foundation or a corporation engaging in specified non-profit activities; a general incorporated foundation to become a general incorporated association or a corporation engaging in specified non-profit activities; a corporation engaging in specified non-profit activities to become a general incorporated association or a general incorporated foundation.

Possible reorganisation options include: a general incorporated association to undergo absorption-type merger or consolidation-type merger with another general incorporated association, a public interest incorporated association, general incorporated foundation or public interest incorporated foundation; and a general incorporated foundation to undergo absorption-type merger or consolidation-type merger with another general incorporated foundation, a general incorporated association, public interest incorporated foundation or general incorporated foundation.

General incorporated associations, general incorporated foundations and public interest corporations (public interest incorporated associations and public interest incorporated foundations) may implement business transfers, but in the case of public interest corporations, prior notification to the relevant administrative agency is required.

Law stated - 30 January 2026

Post-reorganisation steps

25 | Do any filings or other post-reorganisation steps need to be taken after the corporate reorganisation?

Under the Companies Act, some corporate reorganisations require registration after their effects take place. In the case of absorption-type mergers and absorption-type company splits, registration must be completed within two weeks of the effective date at the location of the main office of the surviving company or successor company. The same requirement for registration applies to entity conversions. In the case of share exchanges and partial share exchanges, registration of changes such as changes in the total number of authorised shares, must be completed.

Also under the Companies Act, in the case of mergers, company splits, share transfers, share exchanges and partial share exchanges, a company must prepare post-disclosure documents and keep them at the main office for six months after the corporate reorganisation takes place.

In the case of listed companies undergoing corporate reorganisation, there are certain instances where they must submit interim reports. Additionally, investors who acquire a certain amount of listed shares (or share options, etc) are required to submit a Statement of Large Volume Holding to the Director General of the local finance bureau.

If a foreign investor acquires 10% or more of the shares of a Japanese company through corporate reorganisation, they are required to submit a post-reporting document in accordance with the Foreign Exchange and Foreign Trade Act.

Law stated - 30 January 2026

UPDATE AND TRENDS

Hot topics

26 | What are your predictions for next year and how will these impact corporate reorganisations in your jurisdiction (for example, expected trends or pending legislation)?

The Japanese government continues to promote policies aimed at facilitating smoother corporate entry and exit, including strengthening the investment functions of public and private funds and improving tax systems. In addition, following the referral of the review of the Companies Act to the Legislative Council of the Ministry of Justice in February 2025, discussions are ongoing with a view to increasing the flexibility of corporate reorganisations, including the broader use of shares as consideration in M&A and group restructuring.

The Tokyo Stock Exchange's continued emphasis on management that is conscious of cost of capital and share price has been reflected in increased focus on portfolio reviews, carve-outs of non-core businesses, and other reorganisations. These trends are expected to remain a key driver of corporate reorganisations in 2026.

Lastly, tax law in Japan is reviewed and amended each year in areas relevant to corporate reorganisations; therefore, companies considering reorganisations should consult tax professionals at an early stage and plan based on the most current tax laws.

Law stated - 30 January 2026

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Switzerland

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Summary

LEGAL AND REGULATORY FRAMEWORK

Types of transaction

1 | What types of transactions are classified as "corporate reorganisations" in your jurisdiction?

Switzerland offers a highly flexible framework for corporate reorganisations, encompassing a broad spectrum of transactions primarily centred on the rationalisation of corporate legal entities, carve-outs, cash repatriation and post-acquisition integration activities. Such transactions typically involve the streamlining of company group structures through mergers or liquidations, the separation of entire businesses or business segments via demergers, spin-offs or business transfers – which may also entail the establishment of new legal entities – the repatriation of cash or other assets through distributions or intercompany transfers, as well as the relocation of companies within, into or out of Switzerland.

The principal legal framework governing these reorganisation measures is established under the Swiss Code of Obligations and the Swiss Merger Act. It is noteworthy that these transactions are increasingly subject to scrutiny under foreign direct investment regimes, even when undertaken solely within a single corporate group.

Law stated - 20 January 2026

Rate of reorganisations

2 | Has the number of corporate reorganisations in your jurisdiction increased or decreased this year compared with previous years? If so, what are the key drivers for such change in the number?

After a period of volatility, corporate reorganisation activity in Switzerland stabilised throughout 2025, reflecting a cautious but resilient market. Market conditions were rather middling, with transactional activity neither significantly accelerating nor declining. Consequently, few organisations felt compelled to undertake major strategic realignment measures, with many opting to maintain their current structures. Switzerland's flexible corporate legal framework and its stable, transparent regulatory environment continued to appeal to multinational corporations, but the lacklustre economic climate meant fewer companies engaged in large-scale governance changes or operational restructuring. Although some deal-making persisted, particularly in the technology and life sciences sectors and with ongoing private equity involvement, the overall appetite for carve-outs, spin-offs and legal entity rationalisations was tempered, as organisations prioritised efficiency without embarking on extensive transformation.

Law stated - 20 January 2026

Jurisdiction-specific drivers

3 | Are there any jurisdiction-specific drivers for undertaking a corporate reorganisation?

In Switzerland, several jurisdiction-specific drivers have prompted corporate reorganisations. Chief among these has been the Swiss Corporate Law Reform, which was endorsed by the Swiss Parliament in June 2020 and came into force on 1 January 2023, following a transitional period that concluded in 2025. This legislative overhaul introduced enhanced flexibility in the structuring of share capital, including the option to denominate share capital in foreign currencies and the implementation of a capital band mechanism to facilitate capital adjustments.

Moreover, the ongoing revision of the Swiss tax framework for corporate entities has incentivised numerous organisations to undertake restructuring aimed at tax optimisation. Of particular note is the adoption of the OECD minimum tax rate in Switzerland, which was implemented via ordinance on 1 January 2024. In addition, on 4 September 2024, the Federal Council resolved to apply the international supplementary tax in accordance with the income inclusion rule (IIR) from 1 January 2025, thereby mitigating base erosion and fostering a stable regulatory environment. Within a six-year horizon, the Federal Council has committed to presenting a federal act to Parliament to supersede the current ordinance.

Law stated - 20 January 2026

Structure

4 | How are corporate reorganisations typically structured in your jurisdiction?

Corporate reorganisations in Switzerland are predominantly structured within the parameters established by the Swiss Code of Obligations. The Swiss Merger Act specifically governs (1) mergers, which result in the amalgamation of two or more entities into a single company; (2) demergers, which involve the division of a company into at least two distinct entities; (3) conversions, whereby companies alter their legal form; and (4) asset transfers effected through partial universal succession. In practice, however, reorganisations are generally undertaken pursuant to the Swiss Merger Act only in the context of mergers and conversions, as alternative mechanisms of the Swiss Merger Act have frequently proven to be unduly complex, burdensome in terms of risk and time, and prohibitively costly, except in instances concerning the transfer of multiple real estate assets situated within Switzerland.

Demergers are most commonly executed under the Swiss Code of Obligations, reflecting the approach prevalent prior to the enactment of the Swiss Merger Act. Typically, these take the form of two-step demergers: initially, the assets and liabilities earmarked for separation are contributed to a newly formed entity; subsequently, this entity is distributed to its parent company. It should be noted that variations on this structure are also feasible. Similarly, business transfers are conducted in accordance with the Swiss Code of Obligations, utilising standard contractual arrangements that effect the transfer of assets and liabilities through single succession.

To preserve the tax neutrality of such intra-group transactions, the majority are structured as book value transactions. In these cases, advance tax rulings are sought from the competent authorities to confirm the anticipated tax implications prior to the consummation of the transaction.

Law stated - 20 January 2026

Laws and regulations

5 What are the key laws and regulations to consider when undertaking a corporate reorganisation?

Swiss corporate reorganisations are generally ruled by a multitude of federal and cantonal acts and ordinances as well as circulars, predominantly the following:

- Federal Act on the Amendment of the Swiss Civil Code of 30 March 1911 (Part Five: Code of Obligations), amended on 1 January 2025 (Swiss Code of Obligations).
- Federal Act on Merger, Demerger, Conversion, and Transfer of Assets and Liabilities of 3 October 2003, as amended on 1 January 2023 (Swiss Merger Act).
- Federal Act on the Swiss Civil Code of 10 December 1907, amended on 1 January 2026.
- Federal Act on Private International Law of 18 December 1987, amended on 1 January 2026.
- Ordinance on the Commercial Register of 17 October 2007, amended on January 2026.
- Federal Act on Direct Federal Tax of 14 December 1990, amended on 1 January 2026.
- Federal Act on Harmonisation of Direct Cantonal and Communal Taxes of 14 December 1990, amended on 1 January 2025.
- Federal Act on Withholding Tax of 13 October 1965, amended on 1 January 2025.
- Federal Act on Stamp Duty of 27 June 1973, amended on 1 January 2024.
- Federal Act on Value Added Tax of 12 June 2009, amended on 27 February 2025.
- Ordinance on the minimum tax rate of the big group of companies of 22 December 2023, amended on 1 January 2026.
- Cantonal Acts on Cantonal Taxes.
- Circular Letter No. 5 of the Swiss Federal Tax Administration of 1 February 2022.
- Circular Letter No. 6 of the Swiss Federal Tax Administration of 6 June 1997.
- Circular Letter No. 27 of the Swiss Federal Tax Administration of 17 December 2009.
- Circular Letter No. 29a of the Swiss Federal Tax Administration of 9 September 2015.
- Circular Letter No. 29b of the Swiss Federal Tax Administration of 23 December 2019.
- Federal Act on the Transparency of Legal Entities and the Identification of Beneficial Owners of 26 September 2025 (expected to come into force in July 2026).

Law stated - 20 January 2026

National authorities

6 | What are the key national authorities to be conscious of when undertaking a corporate reorganisation and what role does each authority play?

Multiple authorities must be considered when planning a corporate reorganisation in Switzerland. In particular, the Swiss Federal Tax Administration and cantonal tax authorities are routinely consulted, with advance tax rulings obtained to ensure tax neutrality and compliance. Similarly, the competent cantonal Commercial Register Office must be engaged whenever a company reorganisation or any related matter necessitates an entry in the commercial register. This requirement applies to events such as mergers, conversions, relocations, share issuances and liquidations. If a reorganisation entails the transfer of employees, it may also be necessary to connect with the competent social security authority. When companies in banking or insurance carry out a reorganisation, they must present their plan to the Swiss Financial Market Supervisory Authority. This authority supervises financial organisations and enforces adherence to financial regulations.

Law stated - 20 January 2026

KEY ISSUES

Preparation

7 | What measures should be taken to best prepare for a corporate reorganisation?

The successful execution of a corporate reorganisation is fundamentally contingent on meticulous preparation and strategic planning. The process commences with the precise articulation of the reorganisation's objectives, which serves as the foundation for delineating the necessary tasks and steps to achieve the desired outcome. At the outset, a comprehensive due diligence exercise is indispensable for gaining a thorough understanding of the financial, legal and operational dimensions of the entities concerned, thereby enabling the identification and allocation of requisite tasks. This diligence typically encompasses an in-depth review of contracts, corporate structures and, where relevant, requisite authorisations, particularly in regulated sectors. It is imperative to pinpoint aspects of the reorganisation that are either time-sensitive or inherently protracted, such as audit and valuation procedures, as well as mandatory statutory waiting periods, to facilitate the development of a robust and realistic project timeline. Early consideration of approval processes and the need for third-party consents is crucial to preclude unforeseen complications that could potentially jeopardise the reorganisation at a later stage. For certain transactions, statutory or contractual obligations may necessitate the advance notification of employees and shareholders. Addressing these requirements proactively enables more effective navigation of the complexities inherent in corporate reorganisations. Given that such projects routinely engage multiple disciplines – including legal, tax, finance and IT – it is advisable to map out the principal phases of the reorganisation within a comprehensive macro step plan. This framework enables all work streams to contribute their perspectives and feedback efficiently. Subsequently, each function can elaborate its responsibilities in a detailed micro step plan, derived from the overarching macro plan, to ensure that all necessary actions are executed systematically and in a timely fashion. Both macro and micro step plans have consistently proven to be invaluable tools for project management and information dissemination, facilitating the monitoring of progress and equipping all stakeholders with the clarity required to fulfil their roles effectively and promptly.

Law stated - 20 January 2026

Key departments and operational issues

8 What departments of the concerned companies are most involved in corporate reorganisations and what are the most challenging operational issues?

Corporate reorganisations necessitate the active involvement of several key departments, including legal, tax, finance, procurement and IT. The legal and tax functions are particularly pivotal, as they are tasked with ensuring strict adherence to all applicable statutory and regulatory frameworks. Their responsibilities encompass drafting and meticulously reviewing requisite documentation – whether undertaken internally or in collaboration with external counsel – securing advance tax rulings and other essential authorisations and managing the spectrum of legal and fiscal risks inherent to such transactions. The finance department assumes responsibility for evaluating the financial ramifications of the reorganisation, overseeing budgetary control and safeguarding the overall financial sustainability of the project. Procurement plays a strategic role in orchestrating the acquisition of necessary resources and maintaining robust supplier relationships throughout the transition period. The IT department, meanwhile, addresses the technological and systems-related implications, such as implementing modifications to accommodate new group entities or updating existing company profiles in line with the reorganisation's requirements.

One of the most formidable operational challenges lies in fostering effective collaboration and communication across all participating departments to ensure a unified approach and the seamless achievement of project objectives. Furthermore, the integration of disparate corporate cultures, operational systems and business processes often proves to be a complex and protracted undertaking. Successfully securing stakeholder engagement and proactively mitigating resistance to change are critical to the smooth execution of the reorganisation and to realising its intended benefits.

Law stated - 20 January 2026

Employment issues

9 What are the main issues relating to employees and employment contracts to consider in a corporate reorganisation?

Employment matters are often among the most sensitive aspects of a corporate reorganisation in Switzerland and must be addressed from the outset of the project. A key priority is to ensure full compliance with the Swiss Code of Obligations, which regulates employment contracts and prescribes specific requirements for their amendment or termination. Employers are advised to conduct a thorough review of all employment agreements and, where necessary, initiate negotiations to amend contractual terms so that they reflect the new organisational structure and remain within the bounds of statutory obligations. Particular attention should be paid to issues arising in connection with dismissals, the transfer of employees and any adjustment of employment conditions.

Where employment transfers occur as a result of a business transfer, merger or demerger, employees and their contracts are transferred automatically by operation of law. In all other scenarios, the transfer of employment requires the express consent of each individual employee. In cases involving the automatic transfer of employment, it is essential that the works council – or, where no works council exists, the employees themselves – are comprehensively informed about the rationale for the transfer and the full range of legal, economic and social consequences. Employees in these circumstances retain the right to object to the transfer of their employment; if they exercise this right, their employment terminates at the end of the statutory notice period, irrespective of any contractual notice provisions that might otherwise apply. Notably, even following an automatic transfer, the previous employer remains jointly and severally liable with the new employer for all employee claims arising prior to the transfer date or during the period between the transfer date and the date when the employment relationship would ordinarily have ended or is brought to an end as a result of opposition to the transfer.

If the new employer intends to implement changes to employment terms following the transfer, such modifications must be communicated to employees in advance of the transfer. This may trigger the requirement to initiate extensive consultation procedures with the works council or, in its absence, directly with the employees. Consultation processes are similarly mandated in the context of planned terminations where the thresholds for collective redundancies are met. In these instances, employees must be afforded a genuine opportunity to propose measures to mitigate or avoid the adverse effects of the planned actions, including efforts to reduce the number of dismissals. Furthermore, notification of the cantonal labour office is obligatory if ten or more employees (or, in certain cantons, six or more) are dismissed, regardless of whether the dismissals qualify as collective redundancies.

Employers must also be cognisant of the impact that a reorganisation can have on employee morale and productivity, as such changes can be unsettling and may provoke resistance or anxiety among staff. It is therefore essential to provide adequate support to employees and to safeguard their rights throughout the transition period, thereby facilitating a smooth and constructive reorganisation process. Finally, employers should remain alert to the existence of any applicable collective labour agreements, as these may impose further obligations and confer additional protections upon employees during the course of a corporate reorganisation.

Law stated - 20 January 2026

10 What are the main issues relating to pensions and other benefits to consider in a corporate reorganisation?

In the context of a corporate reorganisation in Switzerland, it is imperative to address a range of critical matters concerning occupational pensions and other employee benefits. Foremost among these is the obligation to comply with the provisions of the Swiss occupational pension scheme (BVG/LPP), which prescribes mandatory requirements for the administration of employee pensions. Employers must conduct a thorough review of existing pension arrangements and, where necessary, implement adjustments to ensure that these schemes are compatible with the revised organisational structure and remain fully compliant with statutory obligations. In circumstances where the reorganisation entails the transfer of employees, it is essential to guarantee that all affected individuals are duly registered with the pension scheme of the new employer within the prescribed time frame.

Additionally, employers should carefully evaluate the implications for other employee benefits, including health insurance, bonuses and stock-based remuneration, to ensure that such entitlements are either maintained or appropriately revised in accordance with the changes brought about by the reorganisation. Providing robust support to employees throughout the transition and safeguarding their rights is fundamental to achieving a seamless and constructive reorganisation process. Furthermore, employers must remain vigilant regarding the existence of any applicable collective labour agreements, as these may impose supplementary obligations and confer enhanced protections upon employees in the context of a corporate reorganisation.

Law stated - 20 January 2026

Financial assistance

11 | Is financial assistance prohibited or restricted in your jurisdiction?

A Swiss company may provide intercompany financial assistance – such as guarantees or loans, subject to certain regulatory constraints. As an initial prerequisite, the articles of association of the Swiss entity providing such financial support must expressly authorise this activity. Typically, this requirement is satisfied where the articles include a sufficiently broad purpose clause that explicitly contemplates supporting group companies and extending financial assistance. Any financial assistance rendered must demonstrably serve the interests of the entities concerned. It is crucial to ensure that the assistance does not amount to a repayment of share capital or an unwarranted contribution to another entity.

Special attention must be given to up-stream and cross-stream financial assistance, where a Swiss company extends support to a parent or sister company within the group. In these circumstances, strict adherence to the arm's-length principle is mandatory; the terms and conditions of the financial assistance must reflect those that would apply between independent third parties, thereby ensuring fairness and compliance with market standards. Moreover, the aggregate amount of financial assistance must not exceed the freely distributable equity of the Swiss company providing the support, and it must receive formal approval from the shareholders' meeting.

Failure to observe these requirements may result in the financial assistance being declared null and void, and could expose the company or its shareholders to legal challenges as well as potential liability for directors. Furthermore, up-stream or cross-stream financial assistance that does not comply with the arm's-length principle may, under Swiss tax law, be deemed a concealed distribution of profits, thereby triggering liability for Swiss withholding tax.

Law stated - 20 January 2026

Common problems

12 What are the most commonly overlooked issues or frequently asked questions in a corporate reorganisation?

In practice, some of the most frequently overlooked issues in Swiss corporate reorganisations relate to financial statements, audit obligations and valuation procedures. It is imperative that recent, regularly audited financial statements demonstrating sufficient freely distributable equity are available, particularly when undertaking distributions, mergers or demergers. Distributions in kind, as well as assets transferred during the sale, contribution or transfer of businesses or assets, must be precisely appraised and the purchase prices appropriately determined. The process of preparing up-to-date financial statements, securing the corresponding audit report and conducting valuations frequently requires more time than initially anticipated. These delays can pose significant risks to the success of the entire project, especially if the financial statements do not reflect adequate distributable equity to facilitate the intended distribution or to complete the proposed merger.

Furthermore, the legal obligations and the influence of key stakeholders – including notaries public, commercial register officials, tax authorities and other regulatory bodies – on the overall timeline of a corporate reorganisation are frequently underestimated. Insurance-related issues also warrant careful attention, with a comprehensive review and, where necessary, adjustment of insurance policies being essential to ensure that the reorganised entity is adequately protected. In recent years, there has been a marked increase in queries regarding regulatory compliance in connection with corporate reorganisation initiatives. Whereas intercompany reorganisations were previously subject to limited regulatory oversight, contemporary practice has seen a shift, with such projects now potentially falling within the scope of significant regulatory constraints depending on the specific nature of the business and the steps involved in the reorganisation.

Law stated - 20 January 2026

ACCOUNTING AND TAX

Accounting and valuation

13 How will the corporate reorganisation be treated from an accounting perspective? How are target assets and businesses valued?

Corporate reorganisations are undertaken with rigorous attention to detail from an accounting standpoint. It is imperative that the reorganisation adheres to Swiss accounting standards, ensuring that every transaction is precisely recorded and transparently reported. This process necessitates the preservation of the integrity of the company's financial statements and the thorough documentation of any modifications to the corporate structure or ownership. The strategic choice between utilising book values and fair market values is of particular significance, as it can have distinct tax implications. Furthermore, determining the accurate valuation and appropriate currency can be complex, especially when assets and liabilities are being transferred between entities.

Law stated - 20 January 2026

Tax issues

14 What tax issues need to be considered? What are the tax implications of carrying out a corporate reorganisation?

Corporate reorganisations in Switzerland are subject to a range of potential tax obligations. A central objective in any such reorganisation is the attainment of tax neutrality, whereby the restructuring does not precipitate immediate tax liabilities for the entities involved. Achieving tax neutrality typically requires compliance with specific regulatory conditions, including the continued tax liability within Switzerland and the transfer of assets at their tax book values, thereby avoiding the realisation of latent reserves. The benefit of maintaining tax neutrality is that it may exempt the transaction from certain taxes, such as corporate income tax, issuance stamp tax, transfer stamp tax, withholding tax and value added tax. To secure this favourable tax treatment, companies frequently apply for advance tax rulings from the Swiss Federal Tax Administration as well as the competent cantonal tax authorities, thereby confirming the tax-neutral nature of the proposed reorganisation.

Law stated - 20 January 2026

CONSENT AND APPROVALS

External consent and approvals

15 What external consent and approvals will be required for the corporate reorganisation?

External consents and approvals are frequently a requisite for corporate reorganisations in Switzerland. These often encompass obtaining the consent of third-party contractual stakeholders, such as lenders, who may need to approve alterations to the company's structure or ownership in light of existing financing arrangements. Regulatory bodies must also be consulted, particularly where the reorganisation concerns sectors governed by specific regulatory frameworks, such as financial services or telecommunications. Moreover, certain transactions may necessitate clearance from competition authorities to ensure that the restructuring does not result in anticompetitive outcomes, especially where third parties are involved in the reorganisation. Additionally, any amendments to a Swiss company requiring registration in the commercial register – such as modifications to the articles of association – will require the approval of the relevant cantonal Commercial Register Office for the registration to be effected. A thorough review of all contractual commitments and regulatory obligations is therefore essential, to identify, obtain or at minimum secure, all necessary consents and approvals in advance. This approach is critical to achieving a seamless and compliant reorganisation process within the anticipated time frame.

Law stated - 20 January 2026

Internal consent and approvals

16 What internal corporate consent and approvals will be required for the corporate reorganisation?

Obtaining internal corporate consents is a fundamental requirement for the successful execution of a corporate reorganisation. These consents must be meticulously documented to ensure the validity of the transactions and to mitigate the risk of personal liability for the individuals involved. Ordinarily, the board of directors of a Swiss company is responsible for authorising the reorganisation measures, thereby confirming their alignment with the company's strategic objectives and adherence to applicable legal standards. Additionally, shareholder approval may be necessary if the authority to decide on a particular reorganisation step is vested in the shareholders, either by statute or pursuant to the articles of association. Such approval is typically required in connection with actions affecting the company's equity (including contributions and distributions), amendments to the articles of association, changes to the legal form of the entity (such as conversions), alterations to the shareholder structure – including mergers and demergers – and in circumstances involving up-stream or cross-stream transactions. It is important to note that specific procedures govern the process of securing these consents, and these may differ depending on the particular facts and circumstances of the reorganisation.

Law stated - 20 January 2026

ASSETS

Shared assets

17 How are shared assets and services used by the target company or business typically treated?

Shared assets and services utilised by the target company or business demand particular scrutiny during corporate reorganisations. These assets and services are frequently governed by comprehensive contractual arrangements, which may necessitate renegotiation in the course of the reorganisation. It is imperative to ensure that the reorganisation process does not impede ongoing business operations that rely upon such agreements. Furthermore, all shared resources must be meticulously identified, properly accounted for and equitably allocated to safeguard operational continuity and compliance with contractual obligations.

Law stated - 20 January 2026

Transferring assets

18 | Are there any restrictions on transferring assets to related companies? If not, are there measures that can be taken to allow such a transfer?

The transfer of assets to related companies within Switzerland is generally permitted, provided that such transactions adhere to the prevailing legal and regulatory frameworks. Typically, these transfers must be executed on an arm's-length basis, meaning that the terms and conditions should mirror those that would be agreed upon between independent third parties. This requirement is designed to ensure the fairness of the transaction and to protect the interests of all stakeholders involved. Swiss law recognises each company as an autonomous legal entity, obliging it to act in its own best interests rather than those of the wider corporate group. Notably, Switzerland does not have a statutory regime specifically governing groups of companies, distinguishing its approach from that of certain other jurisdictions.

Furthermore, any asset transfer must not compromise the financial integrity of the company or infringe upon capital maintenance regulations. To facilitate compliant transfers, companies may undertake measures such as securing independent valuations to confirm that assets are appropriately priced, obtaining formal approval from both the board of directors and shareholders, and ensuring that all transactions are meticulously documented and transparently disclosed within the financial statements.

Law stated - 20 January 2026

19 | Can assets be transferred for less than their market value?

Yes, as an exception to the arm's-length principle, a Swiss company is permitted to transfer assets for less than their market value – such as at book value – provided that the transaction takes place in the context of a distribution or a contribution. Nevertheless, it is essential that these transactions undergo thorough legal and tax scrutiny to ensure that all requisite conditions and regulatory requirements are fully satisfied.

Law stated - 20 January 2026

FORMALITIES

Date of reorganisation

20 | Can a corporate reorganisation be backdated or deemed to have already taken place, for example, from the start of the financial year?

Under Swiss law, the practice of backdating documents is strictly prohibited. From a corporate law standpoint, it is not permissible for a corporate reorganisation, or any individual step therein, to take effect before its formal completion. Legally, a transaction is considered finalised either on the agreed completion date or on a subsequent date expressly set out in the relevant legal documentation. Nevertheless, it is both permissible and common to stipulate, for accounting and tax purposes, that a corporate reorganisation or a specific step thereof is deemed to have occurred economically at an earlier date than its legal effectiveness – such as retroactively to the commencement of the financial year. For tax compliance, the period of such economic retroactivity should generally not exceed six months. This approach enables the transaction to be accounted for and treated for tax purposes as if the reorganisation had taken place at the earlier stipulated date, thereby reflecting the economic impact within the financial statements accordingly.

Law stated - 20 January 2026

Documentation

21 | What documentation is required or advisable in a corporate reorganisation?

The documentation necessary for a corporate reorganisation in Switzerland is contingent upon the specific steps encompassed within the reorganisation process. In general, each transaction mandates the preparation of documents evidencing corporate authorisation – this typically includes resolutions or consents from the board of directors and, in certain instances, from the shareholders of the Swiss entity. In addition, comprehensive legal documentation, most commonly in the form of agreements, is required to implement each stage of the proposed reorganisation. Furthermore, the process often necessitates the inclusion of (audited) financial statements, reports and consents from statutory auditors, as well as letters or consents from relevant third parties and regulatory authorities. It is also essential to prepare all documentation required to effectuate the requisite filings pertinent to the particular transaction.

Law stated - 20 January 2026

Representations, warranties and indemnities

22 | Should representations, warranties or indemnities be given by the parties in a corporate reorganisation? If so, which are most common?

When undertaking corporate reorganisations that involve third parties, it is customary for the parties to provide a suite of representations, warranties and indemnities. Typically, these representations and warranties address matters such as the ownership and title of the assets or shares being transferred, the financial standing of the business, adherence to relevant laws and regulations, and the absence of any undisclosed liabilities. Indemnities are generally furnished to mitigate particular risks that have been identified through the due diligence process, including but not limited to tax exposures or environmental concerns. While such provisions are prevalent, their scope and depth are determined by the specific circumstances of each transaction. Conversely, in the context of intra-group corporate reorganisations, it is advisable that representations and warranties be confined to confirming legal title and that indemnities be avoided wherever possible, as their inclusion may give rise to complications in subsequent divestitures involving external parties.

Law stated - 20 January 2026

Assets versus going concern

23 Does it make any difference whether assets or a business as a going concern are transferred?

Swiss law distinguishes between the transfer of assets (and liabilities) and the transfer of a business as a going concern, with each approach entailing distinct legal considerations. Both forms of transfer may be executed either pursuant to the Swiss Merger Act, which enables “partial universal succession”, or under the Swiss Code of Obligations through “singular succession”, the latter often being the preferred route in practice. In both scenarios, it is necessary to undertake a thorough identification of the assets, liabilities and contracts subject to transfer. This requirement can render the process intricate and time-intensive. Transferring a business as a going concern provides certain practical advantages, notably the relative ease with which assets, liabilities and contracts can be delineated by reference to the business being conveyed. Additionally, in the context of a transfer of a business as a going concern, employment contracts are transferred automatically by operation of law, whereas such automatic transfer does not generally occur in the case of a mere asset transfer. It should also be noted that the two methods of transfer may give rise to divergent tax implications, particularly from a Swiss VAT perspective. Ultimately, the selection between these two approaches will be dictated by the particular circumstances and objectives underpinning the corporate reorganisation.

Law stated - 20 January 2026

Types of entity

24 Explain the key differences between public, private, government or non-profit entities to consider when undertaking a corporate reorganisation.

Although public, private, government and non-profit entities are generally subject to the same underlying corporate, civil and tax law frameworks, each category is characterised by distinct features and may be governed by additional regulatory obligations. Public entities are typically subject to heightened regulatory oversight and rigorous scrutiny from shareholders and the market at large. In contrast, private entities benefit from greater operational flexibility and are generally subject to a lighter regulatory burden. Government entities must navigate a complex landscape of statutory requirements and public policy considerations, often necessitating approvals from multiple governmental departments or agencies. Non-profit organisations, meanwhile, are required to adhere to specific legal provisions to preserve their tax-exempt status and must demonstrate accountability to a broad range of stakeholders.

Law stated - 20 January 2026

Post-reorganisation steps

25 Do any filings or other post-reorganisation steps need to be taken after the corporate reorganisation?

A corporate reorganisation in Switzerland may entail a range of filings and post-completion actions to ensure full compliance with applicable legal and regulatory obligations. Typically, this includes registration of the reorganisation with the relevant cantonal commercial register, requiring submission of appropriate documentation tailored to the specific reorganisation structure. In addition, it is necessary to complete certain tax filings with the competent tax authorities. Where a reorganisation involves the transfer of real estate or intellectual property rights, filings with the corresponding registries are also obligatory. Moreover, the forthcoming Federal Act on the Transparency of Legal Entities, which will establish a federal register of beneficial owners, is anticipated to introduce additional reporting obligations for Swiss entities following a reorganisation. Finally, it is essential to update internal records, such as the share register and ultimate beneficial owner registers, as part of the post-reorganisation process.

Law stated - 20 January 2026

UPDATE AND TRENDS

Hot topics

26 What are your predictions for next year and how will these impact corporate reorganisations in your jurisdiction (for example, expected trends or pending legislation)?

Regulatory developments are expected to be the primary driver of corporate reorganisations in Switzerland in 2026. The forthcoming implementation of the Federal Act on the Transparency of Legal Entities, which will establish a federal register of beneficial owners, alongside the extension of anti-money laundering obligations for professional advisers, is expected to compel numerous organisations to reassess their governance structures, compliance protocols and legal entity configurations.

Concurrently, the strengthening of merger and acquisition pipelines and heightened market optimism are poised to shift the emphasis from carve-outs towards post-acquisition integrations, group streamlining initiatives and cross-border harmonisations, with particular prominence in the technology and life sciences sectors. Reorganisations are increasingly being utilised as a strategic response to anticipated regulatory scrutiny in high-growth, innovation-led industries, mirroring global trends in consolidation and the rise of AI-driven transactions.

Switzerland's enduring attractiveness as a headquarters location is likely to underpin continued inbound relocations and redomiciliations, thereby reinforcing an ongoing focus on operational efficiency, governance alignment and strategic consolidation throughout 2026.

Law stated - 20 January 2026

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Summary

LEGAL AND REGULATORY FRAMEWORK

Types of transaction

1 What types of transactions are classified as "corporate reorganisations" in your jurisdiction?

Mergers, demergers and changes of company type can be considered as types of corporate reorganisations. The transfer of shares, the liquidation of dormant organisations, intra-group transfers of shares and squeeze-outs of troublesome minority shareholders, which may be considered problematic, also can be classified as corporate reorganisations.

Law stated - 24 March 2026

Rate of reorganisations

2 Has the number of corporate reorganisations in your jurisdiction increased or decreased this year compared with previous years? If so, what are the key drivers for such change in the number?

It would be correct to say that the number of corporate reorganisations has been below average for the past 10 years; however, although the number of transactions has decreased, the value of transactions has increased.

The reason for the further decrease in the number of reorganisations this year may be that due to the currency crisis Türkiye experienced in 2018, companies have given precedence to financial restructuring rather than corporate reorganisations.

Law stated - 24 March 2026

Jurisdiction-specific drivers

3 Are there any jurisdiction-specific drivers for undertaking a corporate reorganisation?

The Law on Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by Earthquakes Occurring on 6/2/2023 and on the Amendment of Some Laws and Decree-Law No. 375 (Law No. 7456) was published in The Official Gazette (15 July 2023, No. 32249).

With article 20 of Law No. 7456, immovables were excluded from the scope of partial division transactions to be made pursuant to subparagraph (b) of paragraph 3 of article 19 of the Corporate Tax Law as of 1 January 2024.

Law stated - 24 March 2026

Structure

4 | How are corporate reorganisations typically structured in your jurisdiction?

Mergers and partial or full spin-offs are the most common examples of corporate reorganisations in Türkiye. Conversion from a limited liability partnership to a joint stock company by changing the type of company can be considered another method of corporate reorganisation.

Law stated - 24 March 2026

Laws and regulations

5 | What are the key laws and regulations to consider when undertaking a corporate reorganisation?

Turkish Commercial Code (TCC) No. 6102, published in the Official Gazette (14 February 2011, No. 27846), is the primary legislation that specifies the details of the legal regime for corporate reorganisations. Similarly, the tax aspects of corporate reorganisations are mainly regulated by: Corporate Income Tax Law (CIT Law) No. 5520, published in the Official Gazette (21 June 2006, No. 26205); Value Added Tax Law (VAT Law) No. 3065, published in the Official Gazette (2 November 1984, No. 18563; and Stamp Tax Law No. 488, published in the Official Gazette (11 July 1964, No. 11751). Employee relations are mainly regulated by Labour Law No. 4857, published in the Official Gazette(10 June 2003, No. 25134),

If the corporate reorganisation is carried out by a publicly held corporation or a company regulated under Capital Markets Law (CM Law) No. 6362, published in the Official Gazette (30 December 2012, No. 28513), then the provisions of the CM Law and the relevant regulations and communiqués issued under the CM Law also will be applicable, including, without limitation, Merger and Demerger Communiqué II-23.2, published in the Official Gazette (28 December 2013, No. 28865).

Reorganisations that involve companies operating in specifically regulated sectors are also subject to the relevant sector-specific legislation, such as Insurance Law No. 5684, Banking Law No. 5411, Electricity Market Law No. 6446, Turkish Petroleum Law No. 6491, Natural Gas Market Law No. 4646, Electronic Communications Law No. 5809, Regulation of Tobacco, Tobacco Products and Alcohol Markets Law No. 4733, Mining Law No. 3213 and their respective secondary legislation.

Code No. 4054 on the Protection of Competition, published in the Official Gazette (13 December 1994, No. 22140), referred to as the Competition Law, and its secondary legislation, also may apply if the corporate reorganisation triggers a change of control and the turnover of the parties involved in the transaction exceeds the thresholds set out in the competition legislation.

Law stated - 24 March 2026

National authorities

6 What are the key national authorities to be conscious of when undertaking a corporate reorganisation and what role does each authority play?

Most corporate reorganisations take effect after registration in the relevant commercial register, which is organised and supervised by the Ministry of Trade.

In the event that publicly traded companies or companies subject to the CM Law undergo a corporate reorganisation, such reorganisation is subject to the review and approval of the Capital Markets Board, the public authority responsible for capital markets in Türkiye.

If the corporate reorganisation triggers a change of control and the turnover of the parties involved in the transaction exceeds the thresholds set out in the competition legislation, the Competition Authority also becomes an important regulator.

Depending on the type of activity of the company undergoing reorganisation, companies in specially regulated sectors may require prior approval from the relevant regulatory authorities. Therefore, the secondary legislation of these regulatory authorities must be taken into account when carrying out corporate reorganisation. In this regard, some sector-based examples are shown below:

- insurance companies require approval from the Ministry of Treasury and Finance;
- banks and financial leasing and factoring companies require approval from the Banking Regulation and Supervision Authority;
- electricity companies require approval from the Energy Markets Regulatory Authority; and
- petroleum licence-holder companies require approval from the Ministry of Energy and Natural Resources.

Law stated - 24 March 2026

KEY ISSUES

Preparation

7 What measures should be taken to best prepare for a corporate reorganisation?

Before embarking on a reorganisation, it is important to carry out a structure review to assess whether the planned reorganisation structure meets the needs and likelihood of meeting the minimum requirements for reorganisation processes. Since it is important to evaluate the companies involved in the reorganisation, it would be appropriate to undergo evaluation by independent experts on each of the issues assessed.

To determine the optimal conditions precedent for a proper reorganisation and to understand and manage the implications of the reorganisation, technical, legal, financial and tax due diligence must be carried out, in particular with regard to financial statements, books of account, tax returns, contracts, employment matters, legal issues, licences and permits. Data privacy must also be primary focus in pre-transaction planning, ensuring lawful transfer of employee and customer data as well as maintaining data security.

Law stated - 24 March 2026

Key departments and operational issues

8 What departments of the concerned companies are most involved in corporate reorganisations and what are the most challenging operational issues?

Human resources and IT departments often tend to be mostly involved departments in the implementation of the reorganisation once the design is completed by legal and financial advisers. Compliance with data privacy laws are particularly of significance if cross-border data transfer is involved in the transaction.

Law stated - 24 March 2026

Employment issues

9 What are the main issues relating to employees and employment contracts to consider in a corporate reorganisation?

Under Turkish law, company reorganisations shall not affect the status of the employees so long as the identity (legal personality) of the company remains unchanged, unless there is a material (adverse) change in the working conditions of the employees.

In light of the above information, should only a share transfer and no transfer of business or workplace be in question, the legal status of the employees of the company shall not be affected unless a material amendment takes place on the working conditions of such employees. Therefore, no legal requirements such as notification to employees or obtainment of their prior written consents thereof shall arise in this regard. Consequently, no obligation shall exist to inform or consult with employee representatives, trade unions or governmental bodies.

It also should be noted that if the company plans to implement any material changes, such as altering the workplace address, job titles, salaries or any other significant employment conditions, in the working conditions of the employees, it must strictly adhere to the provisions of the Labour Law upon realisation of the contemplated corporate reorganisation.

Pursuant to the provisions of article 22 of the Labour Law, material amendments can be made to the working conditions constituted by the employment contracts or the personnel regulation in the nature of its attachment and similar sources or practices of working place only by informing the employees in writing of the situation. Any amendments that are not made in compliance with such form and are not accepted in writing by the employees within six business days shall not be binding upon such employees.

If the employee does not accept the proposed amendment within this period, the employer may terminate the employment contract, provided that it complies with the notice period and explains in writing that the amendment is based on a justified ground or another justified ground for termination. In this case, the employee in question shall be entitled to file a lawsuit in accordance with the relevant provisions of the Labour Law. However, the parties may at any time amend the working conditions by mutual agreement. The amendment to the working conditions shall not be enforced retrospectively.

In the event of the transfer of the entire department (transfers of workplace) based on a legal transaction, article 6 of the Labour Law shall be applicable. According to said article, in the event of a transfer of the entire or part of the workplace to any other party in the form of a legal transaction, all the employment contracts or any part of it concluded in the workplace are assigned to the transferee together with all rights and obligations. The transferee, as the new employer, is liable to affect all the transactions pertaining to the rights of the employees acquired during the service period by taking into account the first date of employment of the employee by the transferor.

The transferor and the transferee are jointly responsible for the debts accrued before the transfer and become due on the date of transfer. However, the liability of the transferor to fulfil such obligation is limited to two years as of the date of transfer.

Neither the transferor nor the transferee may terminate the employment contract due to the transfer of workplace or part of it. In other words, transfer may not constitute a justified reason from the aspect of the employee.

The Labour Law introduces the principle of equity, which entails the prohibition of any kind of discrimination in employment relations on the basis of language, race, gender, political opinion, religion and sect or similar reasons. Employees working in the same or equivalent jobs may not be discriminated against on the basis of gender when being remunerated. Also, no discrimination is allowed among employees working under a definite or indefinite term or part- or full-time contract. However, it should not be forgotten that this principle of equality is an equality between equals. In other words, the employer is obliged to treat employees of the same status as equals unless a valid reason exists for treating them differently. In this regard, in the case of corporate reorganisation, the working conditions of the transferred employees should be examined and it should be determined whether there are differences. In the event that differences are detected, the situation of employees in poor conditions should be improved.

Where a corporate restructuring involves personal data, the transaction should be assessed not only from a corporate and operational perspective, but also through the lens of applicable data privacy laws. This requires particular attention to data subject rights, the lawfulness of transaction-related disclosures, and the conditions applicable to cross-border transfers. Organisations should consider whether existing privacy notices and contractual commitments permit such disclosures, whether data subjects must be informed of the transfer at or before the relevant stage of the transaction, whether an opt-out mechanism may be required, and whether consent may become necessary in specific situations, including where sensitive personal data is involved or the intended post-transaction use materially differs from the original basis on which the data was collected. Access to personal data should in any event be limited to what is necessary for each phase of the transaction.

Law stated - 24 March 2026

10 | What are the main issues relating to pensions and other benefits to consider in a corporate reorganisation?

The entitlement to a pension depends on the length of time the employee has worked, the number of days for which insurance contributions have been paid and the age of the employee. In other words, pension rights are subject to the terms and conditions of the relevant legislation and are independent of the company and the employment contract. In this respect, the employee's entitlement to retirement or pension rights shall not be affected in the event of a corporate reorganisation.

In the event of a corporate reorganisation, if the employment contracts of the employees have not been renewed and the current employment contracts remain in force, the benefits arising from these employment contracts shall remain in force. Therefore, the reorganised company must retain the benefits that were available prior to corporate reorganisation.

Law stated - 24 March 2026

Financial assistance

11 | Is financial assistance prohibited or restricted in your jurisdiction?

Although the Turkish Commercial Code (TCC) does not define or explicitly refer to the concept of financial assistance, financial assistance under the TCC can be understood as the provision of advances, loans, security or similar financial assistance by a company to a third party to enable the repurchase of that company's shares.

Any legal transaction constituting financial assistance is considered null and void under article 380 of the TCC. Therefore, apart from certain exceptions, financial assistance is prohibited under Turkish law. In addition to that, shares repurchased by the company or its subsidiary shall not be taken into account to calculate the quorum of the general meeting of the company. In other words, such shares shall not grant shareholding rights to the holder.

Law stated - 24 March 2026

Common problems

12 | What are the most commonly overlooked issues or frequently asked questions in a corporate reorganisation?

Examples of issues that may be overlooked in corporate reorganisations include negative equity, the availability of distributable reserves, technical insolvency issues, particularly in the case of spin-offs, strategies for maintaining business continuity in the event of a partial spin-off and change of control provisions in contracts.

According to article 376 of the TCC and article 179 of the Enforcement and Bankruptcy Law, a company is considered technically insolvent or bankrupt if its capital falls below certain thresholds due to accumulated losses in the past. In the case of a merger, the other company involved in the merger must have sufficient net assets to cover the accumulated losses and to compensate for the negative equity; otherwise, the merger cannot be consummated. In such circumstances, the board of directors is obliged to inform the shareholders, prepare an interim balance sheet, increase the share capital if it is decided to complete the capital or decrease the share capital if the board decides it is satisfied with the remaining capital.

The integrity of the production or service business of the company must be maintained in the new company in tax-exempt partial demergers. In other words, in tax-exempt corporate reorganisations, the assets and liabilities of the production or service business cannot be separated.

Issues such as ensuring the continuity of the reorganised company's contracts through pre-reorganisation due diligence, obtaining change of control consents, determining certain disclosures to be made in accordance with commercial practice and managing situations where conflicts of interest may arise are sometimes overlooked in corporate reorganisations.

Law stated - 24 March 2026

ACCOUNTING AND TAX

Accounting and valuation

13 How will the corporate reorganisation be treated from an accounting perspective? How are target assets and businesses valued?

Corporate reorganisations are treated as share sales, spin-offs or share exchanges. If the assets and liabilities are transferred at their book value and if the other requirements of corporate income tax law are met, the demerger will have a neutral effect on tax. Irrespective of whether the demerger is tax-neutral, the target company is valued at fair value (market price) for the purpose of distributing the shares following the demerger.

During corporate reorganisation, it is important that accounting and financial experts carry out the necessary reviews to evaluate the target assets and the business.

Law stated - 24 March 2026

Tax issues

14 What tax issues need to be considered? What are the tax implications of carrying out a corporate reorganisation?

Profits resulting from a merger are subject to corporate income tax under article 18 of the Corporate Income Tax Law (the CIT Law). In addition to this, articles 19 and 20 specify the conditions for tax-neutral corporate reorganisations.

If both the transferor and the transferee companies are tax residents and the transferee company includes all the assets and liabilities of the transferor company in its balance sheet on a carry-over basis, this type of acquisition is recognised as a tax-neutral merger under the CIT Law. Changes in the type of company under the same circumstances also are considered to be tax-neutral.

In the case of a full spin-off, only the earnings of the dissolved corporation until the date of spin-off shall be taxed and the profits arising from the spin-off shall not be calculated and taxed. According to the CIT Law, the spin-off date is the date on which the resolution of the company's directors regarding the spin-off is registered in the trade registry.

In the case of a partial spin-off, profits arising from spin-off transactions shall not be calculated or taxed. In a partial spin-off, transactions carried out in accordance with subparagraph (b) of the third paragraph of article 19 of the CIT Law, the companies that take over the assets of the spin-off shall be jointly and severally liable for the tax debts accrued and to be accrued until the spin-off date, limited to the fair value of the assets they have assumed.

In the case of share exchange transactions in which a capital company that is a full taxpayer acquires administrative control and the majority of shares in another capital company and in return transfers its shares to the shareholders of the acquired company, the share exchange will be neutral with regard to corporate income tax, provided that other conditions set out in article 20 of the CIT Law are met.

A full VAT exemption applies if the shares have been held for more than two years at the time of the sale (for both joint stock companies and limited liability companies) or share certificates have been issued before the share sale (joint stock companies only). However, there is an opinion that if the transfer is between two non-residents and does not take place in Türkiye, the transfer should not be subject to VAT (even though no specific exemption exists).

According to the Stamp Tax Law, the papers related to corporate reorganisations performed according to articles 19 and 20 of the CIT Law are exempt from the stamp tax.

Companies can spin off their immovable property by transferring it to a new company where it is registered as a capital contribution to the new company, which effectively means that it is possible to spin off and transfer immovable property without having to pay VAT, title deed fees or stamp duty on the transfer. This also allows shareholders to spin off any property they wish to exclude from a potential acquisition at little or no cost, providing a highly tax-efficient method of corporate reorganisation in preparation for acquisitions. However, with Law No. 7456, published on 15 July 2023, it was provided that a tax-free spin-off of immovable property would no longer be possible as of 1 January 2024.

Law stated - 24 March 2026

CONSENT AND APPROVALS

External consent and approvals

15 What external consent and approvals will be required for the corporate reorganisation?

Where a change of control occurs as part of a corporate reorganisation and the identity of the shareholders or management is commercially or financially important to the company's stakeholders – such as lenders, suppliers and clients – their consent may be required. If contractual requirements mandate the approval of a change of control, such approval should be obtained prior to the reorganisation of the company. Mergers and demergers also require the approval of the company's board of directors and shareholders. In addition, there must be no objection from the creditors.

In addition, the approval of the Turkish Competition Authority is required if the corporate reorganisation results in a change of control and exceeds the turnover thresholds defined in the Competition Communiqué.

In the case of tax-neutral corporate reorganisations, the Corporate Income Tax Law stipulates that the tax office must be duly informed and that certain forms and declarations must be completed.

Also, as stated above in the relevant section, depending on the sector, regulatory and supervisory approval may be required prior to a corporate reorganisation.

Law stated - 24 March 2026

Internal consent and approvals

16 What internal corporate consent and approvals will be required for the corporate reorganisation?

Certain documents, such as the report prepared and signed by the company's board of directors and the merger or demerger agreement and its plans, must be approved by the general assembly.

In the case of a change in the type of company, the general meeting of shareholders is also required to approve the plan and the report prepared by the board of directors regarding the change of the type of company.

Law stated - 24 March 2026

ASSETS

Shared assets

17 How are shared assets and services used by the target company or business typically treated?

No specific rules exist for the assets and services used by the target company or business and these can be regulated by contracts between the parties. Nevertheless, for tax-neutral spin-offs, the integrity of the production or service business of the company must be maintained in the new company.

Law stated - 24 March 2026

Transferring assets

18

Are there any restrictions on transferring assets to related companies? If not, are there measures that can be taken to allow such a transfer?

Transfers of assets to related parties are not restricted; however, any such transfer must be in accordance with the rules on transfer pricing.

The concept of transfer pricing, introduced with the implementation of the Corporate Income Tax Law (the CIT LAW), generally pertains to the pricing applied by related businesses or individuals when selling assets or providing services to one another. Transfer pricing is a positive concept that refers to a pricing system that sets out the basic principles of how assets and services should be exchanged between related entities. The concept by itself does not refer to any tax evasion or unlawfulness.

Pricing that violates the arm's length principle is considered a disguised distribution of profits as a result of transfer pricing abuse (article 13 of the CIT Law). The purpose of this provision is to ensure that the income of natural persons and legal entities exchanging assets or services with related parties is fully and accurately declared and to prevent the erosion of the tax base through transfer pricing.

Additionally, it is important to address the matter of disguised profit distribution via transfer pricing, recognised as one of the methods employed for tax security. Disguised profits are a measure introduced to prevent organisations from transferring untaxed income to related parties by inflating costs or understating income.

If the companies enter into transactions with related parties for the purchase or sale of assets or services at a price or price determined in violation of the arm's-length principle, the profit is deemed to be wholly or partly disguised through transfer pricing.

Certain conditions must be met to qualify as a disguised distribution of profits. First, the parties to a transaction that is deemed to be a disguised distribution of profits must be in a certain relationship to one another. Second, the transaction between parties must result in an unfair advantage for the related person. If the transaction in question has a legitimate justification and is not for the purpose of tax erosion, disguised distribution of profits will not occur. A further condition is that the transaction must be contrary to the arm's-length principle.

Law stated - 24 March 2026

19 | Can assets be transferred for less than their market value?

The assets may be the subject of a transfer for less than their market value. However, any negative deviation from the arm's-length market price may trigger the application of the transfer pricing rules if the transaction is between related parties.

Law stated - 24 March 2026

FORMALITIES

Date of reorganisation

20 | Can a corporate reorganisation be backdated or deemed to have already taken place, for example, from the start of the financial year?

Company reorganisations become legally effective upon registration with the competent commercial register, according to the Turkish Commercial Code (TCC); therefore, it is not possible to backdate corporate reorganisations.

Law stated - 24 March 2026

Documentation

21 | What documentation is required or advisable in a corporate reorganisation?

Some important documents are listed below and should be discussed with the relevant trade registry before the corporate reorganisation process is carried out. Furthermore, some additional information and documents may be requested for corporate reorganisations of companies in specially regulated sectors.

Mergers require:

- a photocopy of the registry gazette in which the announcement regarding the right of inspection of the transferred or acquired company is published 33 days before the general assembly;
- notarised copies of the resolutions regarding the approval of the merger agreement by the general assemblies of the transferor and transferee companies;
- the merger agreement to be signed by the parties;
- if the merger transaction is subject to the permission or favourable opinion of the ministry or other official institutions, a permission or favourable opinion letter for the transferee and the transferred company;
- in the event that the transferee company carries out a capital increase due to the merger, the documents required for the registration of the capital increase;
- in terms of the transferee company, if the merger is made in the form of a new establishment, the establishment documents of the new company;
- a certified public accountant or sworn-in certified public accountant and financial adviser's activity certificate;
- declarations regarding the list of the assets and rights of the transferred company registered in the land registry, ship registry, intellectual property registry and other similar registries; and
- announcements made by the merging companies to the creditors giving them the right to request the guarantee of their receivables.

Demergers require:

- a photocopy of the registry gazette of each of the companies participating in the demerger, in which the announcement indicating the shareholders' right of inspection is published two months prior to the resolution of the general meeting;

- a photocopy of the announcements published in the registry gazette inviting creditors to declare their claims and request the provision of collateral;
- the demerger agreement and demerger plan;
- a notarised copy of the resolution of the general meeting of the demerged company and other companies participating in the demerger approving the demerger agreement or plan;
- declarations regarding the list of the assets and rights of the demerged company registered in the land registry, ship registry, intellectual property registry and other similar registries;
- in the case of a new establishment by other companies participating in the spin-off, the establishment documents;
- if the demerger transaction is subject to the permission or favourable opinion of the ministry or other official institutions, this permission or favourable opinion letter for the transferee and the transferred company;
- the certified public accountant or sworn-in certified public accountant and financial advisor's activity certificate; and
- documents related to capital increase, if any, for the transferee company or companies.

A change of corporate type requires:

- a certified public accountant or sworn-in certified public accountant or, if the company changing type is subject to audit, the auditor's report;
- declarations regarding the list of the assets and rights of the company registered in the land registry, ship registry, intellectual property registry and other similar registries;
- the type change plan and report;
- the notarised general assembly resolution regarding the acceptance of the change of type; and
- if the change of the corporate type is subject to the permission or favourable opinion of the ministry or other official institutions, this permission or favourable opinion letter for the transferee and the transferred company.

Law stated - 24 March 2026

Representations, warranties and indemnities

22 Should representations, warranties or indemnities be given by the parties in a corporate reorganisation? If so, which are most common?

Under Turkish law, no mandatory representations, warranties or indemnities are required to be given by the parties. However, it is common practice to require certain representations, warranties and guarantees from the parties to the reorganisation. The most common provisions are (1) fundamental reps, such as legal standing, capitalisation and authorisation and (2) operational reps covering financial statements, tax compliance and material contracts. Depending on the nature of the transaction, parties may seek further reps regarding the assets involved in the reorganisation.

Law stated - 24 March 2026

Assets versus going concern

23 Does it make any difference whether assets or a business as a going concern are transferred?

Article 202 of the Turkish Code of Obligations No. 6098 (TCO) regulates the transfer of all kinds of enterprises, including commercial enterprises, together with their active and passive assets and liabilities. Additionally, article 11 of the TCC regulates the transfer of commercial enterprises.

The decisions of the Turkish Supreme Court apply the following three-pronged test to determine whether the divested assets constitute substantially all of the seller's assets:

- whether the assets can be treated as a stand-alone business;
- whether the assets are sufficient to continue the relevant business enterprise; and
- whether the seller’s capacity to engage in the enterprise is materially diminished by the divestiture.

Under Turkish law, a sale of assets that meets each of the above criteria is considered to be a sale of substantially all of the assets of the seller and is considered to be a transfer of a commercial business.

In accordance with article 11 of the TCC, a commercial enterprise is to be considered as a whole and may be the subject of transactions such as pledges and transfers in toto. On the other hand, the transfer does not necessarily have to include all the material assets, since the transfer of assets essential to a particular business is considered to be a transfer of the whole business. However, if some assets are excluded from the transfer and those excluded assets prevent the buyer from continuing the business after the sale is completed, such a transfer of assets is only a transfer of assets of the business and not a transfer of the business as a whole.

According to the TCC, all assets of a business are transferred to the transferee upon registration and publication of the transfer in the trade register. On the other hand, the transfer of the debts of the transferred business is specifically regulated by the TCO. According to article 202 of the TCO, the liabilities attached to the assets constituting the seller's business, whether known or unknown at the time of the contract, are transferred to the purchaser irrespective of the consent of the creditors. The buyer and seller are jointly liable for a period of two years after the official publication of the sale.

Even though no clear distinction exists between the transfer of a commercial enterprise and the transfer of individual assets, they are assessed differently under Turkish law. Within the framework of the above explanations, where a transfer is considered to be a transfer of a business as a whole rather than of individual assets, appropriate steps must be taken to ensure the validity of the transaction. In addition, it is important and advisable to carry out due diligence, to draft a legally valid agreement containing the representations and warranties of the counterparties, and to make the necessary notifications and disclosures in a timely manner.

Law stated - 24 March 2026

Types of entity

24 Explain the key differences between public, private, government or non-profit entities to consider when undertaking a corporate reorganisation.

The general corporate reorganisation provisions of the TCC apply to:

- commercial companies, foundations and associations that carry on a business in order to achieve their established purpose;
- institutions and organisations established by the government, a special provincial administration, a municipality or a county; and
- other public legal entities, for the purpose of carrying on a business or to operate under private law in accordance with their articles of association.

Law stated - 24 March 2026

Post-reorganisation steps

25 Do any filings or other post-reorganisation steps need to be taken after the corporate reorganisation?

In the event of a change from multiple shareholding to sole shareholding, a change of sole shareholder or a change from sole shareholding to multiple shareholding due to the reorganisation of the company, notification to the trade registry is required.

Article 198 of the TCC introduces exceptional provisions for share transfer in joint stock companies, mandating notification, registration and announcement under the conditions it specifies. Pursuant to article 198/1 of the TCC, if a company directly or indirectly owns shares in another company in the amount specified in the article or if its shares fall below these percentages, the acquiring company shall notify the target company and the competent authorities specified in the TCC and other legislation within 10 days of the completion of the said transactions.

Any change in the ultimate beneficial ownership of the entity must be notified to the tax authorities within one month from the date of such change.

Personal data transferred as part of a restructuring or acquisition should continue to be handled in a manner consistent with applicable privacy notices, contractual commitments, and transfer restrictions. In particular, organisations should assess whether data subjects must be informed of the transfer at or before closing, whether an opt-out right may need to be offered, and whether consent may become necessary where the intended post-closing use materially departs from the original privacy framework or involves sensitive personal data. The same analysis should extend to cross-border transfers and intra-group data sharing within the reorganised structure.

Law stated - 24 March 2026

UPDATE AND TRENDS

Hot topics

26 What are your predictions for next year and how will these impact corporate reorganisations in your jurisdiction (for example, expected trends or pending legislation)?

The main legislation relating to corporate reorganisation is not expected to change in the near future. We have no further predictions in this regard, as the legislation is not expected to change in the near future.

Law stated - 24 March 2026

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Summary

LEGAL AND REGULATORY FRAMEWORK

Types of transaction

1 What types of transactions are classified as "corporate reorganisations" in your jurisdiction?

In the US, "corporate reorganisations" encompass a wide range of transactions, including mergers, consolidations, spin-offs, carveouts, recapitalisations and changes in corporate identity. The term also applies to the transfer of shares, assets or entire businesses within the same corporate group. Additionally, corporate reorganisations may involve liability management exercises, such as debt restructurings or refinancings, to enhance financial stability and flexibility. In some cases, companies may pursue reorganisation through a Chapter 11 bankruptcy filing, which can facilitate debt restructuring, operational changes, asset sales or an orderly wind-down. Other transactions under this umbrella include intercompany debt restructurings, receivables management and cash repatriation strategies.

Law stated - 1 January 2026

Rate of reorganisations

2 Has the number of corporate reorganisations in your jurisdiction increased or decreased this year compared with previous years? If so, what are the key drivers for such change in the number?

Although non-bankruptcy related corporate reorganisations remain relatively consistent year over year, last year saw a significant uptick in liability management exercises, along with other creative reorganisation strategies and investment structures aimed at providing liquidity to investors. Companies increasingly turned to debt restructurings, refinancings and other capital structure optimisations to navigate financial pressures. Additionally, businesses explored innovative corporate reorganisations, such as asset divestitures, joint ventures and strategic restructurings, to unlock value and improve financial flexibility. The overall demand for corporate reorganisations remains steady, but these trends highlight a growing emphasis on adaptability and liquidity-driven solutions in response to evolving market conditions.

Law stated - 1 January 2026

Jurisdiction-specific drivers

3 Are there any jurisdiction-specific drivers for undertaking a corporate reorganisation?

In the US, businesses undertake corporate reorganisations for a variety of reasons, often driven by a mix of internal strategic goals and external economic pressures. Some key US-specific drivers include:

- Supply chain disruptions and tariff uncertainty – Ongoing shifts in trade policy, tariff unpredictability and supply chain bottlenecks have forced companies to restructure operations. Businesses may engage in reorganisations to relocate production, optimise supply chains, or restructure ownership of foreign subsidiaries to mitigate the impact of tariffs and trade restrictions.
- Interest rate volatility – Fluctuating interest rates influence corporate debt strategies. Rising interest rates can lead to increased borrowing costs, prompting liability management exercises such as refinancings, debt restructurings or capital structure adjustments. Conversely, lower rates may encourage businesses to optimise financing arrangements to take advantage of cheaper capital.
- Consumer confidence and market demand – Shifts in consumer confidence impact corporate revenues, particularly in sectors such as retail, hospitality and manufacturing. Companies facing declining demand may undergo operational reorganisations, including cost-cutting measures, divestitures or business model shifts to remain competitive.
- International trade wars and geopolitical uncertainty – Trade conflicts between the US and major economies, such as China and the European Union, create financial and operational uncertainty. Businesses may restructure to reduce exposure to geopolitical risks, relocate key operations or adjust corporate structures to comply with shifting trade regulations.
- Regulatory and tax changes – US companies frequently reorganise in response to evolving federal and state regulations, including tax reforms, antitrust enforcement and industry-specific compliance requirements. Changes in corporate tax policies may lead businesses to restructure intercompany transactions, repatriate earnings or modify legal entity structures.

While corporate reorganisations remain a constant feature of business strategy, these US-specific drivers shape the nature and urgency of restructuring efforts, pushing companies to adapt to an evolving economic and regulatory landscape.

Law stated - 1 January 2026

Structure

4 | How are corporate reorganisations typically structured in your jurisdiction?

There are many ways to structure a corporate reorganisation in the US, including sales, distributions, contributions, redemptions, liquidations, mergers and spin-offs. Additionally, corporate reorganisations may involve liability management exercises or even bankruptcy filings under Chapter 11 of the United States Bankruptcy Code. Certain corporate reorganisations can be structured to be tax-free under US tax law. Sections 351 and 368 of the Internal Revenue Code (IRC) allow for tax-deferred reorganisations when specific criteria are met. The chosen structure depends on the specific facts and circumstances, the desired objectives of the reorganisation, and the federal, state and local laws governing the relevant entities or assets.

Law stated - 1 January 2026

Laws and regulations

5 What are the key laws and regulations to consider when undertaking a corporate reorganisation?

When undertaking a corporate reorganisation in the US several key laws and regulations must be considered, depending on the nature of the transaction:

- State Corporate Laws – Corporate reorganisations are primarily governed by state laws, such as the Delaware General Corporation Law for entities formed in Delaware. These laws dictate procedures for mergers, dissolutions, redemptions and other structural changes.
- Federal Securities Laws – If the reorganisation involves a public company, compliance with US securities laws is essential. The Securities Act of 1933 and the Securities Exchange Act of 1934 regulate disclosures, shareholder approvals and reporting obligations for transactions affecting investors.
- US Internal Revenue Code – Tax considerations play a crucial role in structuring reorganisations. Transactions (including reorganisations) generally are taxable, unless they qualify for an exception under the IRC. Sections 351 and 368 of the IRC are a couple examples of provisions that allow for tax-deferred treatment of a reorganisation, if specified requirements are met.
- Bankruptcy Code (Chapter 11) and Fraudulent Conveyance Laws – If the reorganisation involves financial distress or insolvency, the US Bankruptcy Code provides a legal framework for restructuring debt, selling assets or executing an orderly wind-down. Additionally, transactions must comply with fraudulent conveyance laws, which prohibit transfers of assets made with the intent to hinder, delay or defraud creditors. Under both federal and state fraudulent transfer statutes, certain transactions may be unwound if they were made without receiving reasonably equivalent value in return while the company was insolvent or became insolvent as a result.
- Antitrust Laws – The Hart–Scott–Rodino (HSR) Act requires pre-merger notification and regulatory review for certain transactions to ensure compliance with antitrust laws enforced by the Federal Trade Commission and the Department of Justice (DOJ).
- Employment and Labour Laws – Workforce restructuring may trigger obligations under the Worker Adjustment and Retraining Notification Act (WARN ACT), which requires advance notice for mass layoffs and plant closures. Additionally, employee benefits and compensation plans must be reviewed for compliance.
- Regulatory and Industry-Specific Laws – Certain industries, such as healthcare, financial services and telecommunications, have additional regulatory requirements that may impact reorganisations, including licensing, capital requirements or government approvals.

Law stated - 1 January 2026

National authorities

6 | What are the key national authorities to be conscious of when undertaking a corporate reorganisation and what role does each authority play?

When undertaking a corporate reorganisation in the US, businesses must be aware of several key national authorities that oversee various aspects of the process. These authorities include:

- Securities and Exchange Commission – Governs corporate reorganisations involving public companies, ensuring compliance with securities laws, disclosure requirements and investor protections.
- Internal Revenue Service– Regulates the US federal tax treatment of corporate reorganisations, including eligibility for tax-free treatment under section 351 or 368 of the IRC, US federal tax implications of mergers, spin-offs and restructurings, and compliance with US federal withholding and reporting requirements.
- Federal Trade Commission and DOJ – Antitrust Division – Review mergers, acquisitions and other restructurings for potential antitrust concerns. Under the HSR Act, certain transactions require pre-merger notification and approval.
- US Department of the Treasury – Plays a role in reviewing corporate restructurings that involve foreign investment or ownership, particularly through the Committee on Foreign Investment in the US, which examines transactions for national security risks.
- US bankruptcy courts – Oversee corporate reorganisations involving financial distress under the US Bankruptcy Code.
- Financial Industry Regulatory Authority (FINRA) – If the reorganisation involves broker-dealers or securities firms, FINRA ensures compliance with industry regulations and reporting obligations.
- Department of Labour and Pension Benefit Guaranty Corporation – Regulate employment and benefits-related aspects of reorganisations, including compliance with the Employee Retirement Income Security Act and obligations related to pension and retirement plans.

Law stated - 1 January 2026

KEY ISSUES

Preparation

7 | What measures should be taken to best prepare for a corporate reorganisation?

Thorough due diligence is essential for a successful corporate reorganisation, particularly regarding assets and liabilities, contractual obligations, employees, IT systems and financial controls. A structured approach should be taken to assess these key areas before implementing any transactions.

First, a comprehensive review of assets and liabilities should be conducted to determine ownership, encumbrances and any potential risks associated with transferred assets. This includes verifying whether assets are subject to liens, security interests or other restrictions that could impact the reorganisation. Similarly, a detailed assessment of liabilities is critical to understanding any outstanding obligations, debt covenants or contingent liabilities that could affect post-reorganisation operations.

Second, a review of contracts is necessary to identify agreements that may need to be assigned, renegotiated or terminated as part of the reorganisation. Key considerations include identifying change-of-control provisions, required third-party consents and exclusivity clauses that could restrict business operations after the reorganisation. Intellectual property licences, supplier agreements and customer contracts should be carefully analysed to ensure compliance with contractual obligations.

Third, employee-related matters must be evaluated to determine if workforce restructuring, union consultations, or regulatory notifications are required. Employment agreements, non-compete clauses and benefits plans should be reviewed for compliance with labour laws and corporate policies. If employees are being transferred between entities, employment terms must be assessed to ensure a seamless transition and compliance with applicable employment regulations.

Fourth, IT systems and data infrastructure require careful review, especially in reorganisations involving multiple entities or jurisdictions. Ensuring continuity of IT services, data security and system integrations is crucial to minimising operational disruptions. IT due diligence should address data migration strategies, software licensing agreements and cybersecurity risks.

Fifth, accounting controls and financial reporting systems must be evaluated to confirm that post-reorganisation entities maintain proper financial governance, controls and operational capacity. This includes ensuring that financial statements reflect the new corporate structure, bank accounts and treasury functions are aligned, and internal controls remain effective. Auditors should be involved early to review financial reporting implications and ensure compliance with accounting standards.

Law stated - 1 January 2026

Key departments and operational issues

8 What departments of the concerned companies are most involved in corporate reorganisations and what are the most challenging operational issues?

Corporate reorganisations typically involve multiple departments, with the most critical being:

- Legal – Ensures compliance with corporate, tax, regulatory and contractual obligations.
-

Finance and accounting – Manages financial structuring, tax implications and reporting requirements.

- HR and employment – Handles workforce transitions, employee contracts and labour law compliance.
- IT and systems – Ensures continuity of technology infrastructure, data migration and cybersecurity.
- Operations and supply chain – Addresses logistical changes, vendor relationships and process realignment.

The most challenging operational issues include, securing approvals for key agreements and maintaining customer relationships; managing intercompany transactions, banking and financial controls, particularly where the company is multi-jurisdictional; managing workforce transitions; and navigating complex legal, tax and one-off jurisdictional requirements.

Law stated - 1 January 2026

Employment issues

9 What are the main issues relating to employees and employment contracts to consider in a corporate reorganisation?

A key consideration in a corporate reorganisation is whether employee talent is a critical factor driving the transaction. This is particularly relevant in reorganisations where knowledge, expertise or client relationships are valuable assets – such as in professional services, technology or life sciences. If retaining key employees is essential to the success of the reorganisation, the post-reorganisation entity may need to implement retention strategies, including stay bonuses, equity incentives or revised compensation packages to ensure continuity. Conversely, if employee retention is not a priority, the parties may negotiate pre-closing workforce reductions or determine which employees will transition to the post-reorganisation entity.

The structure of a corporate reorganisation significantly impacts employees, particularly in cases involving bankruptcy or insolvency:

- Share acquisitions – Because the employing entity typically remains unchanged, employees may continue under the same terms. Although formal employment transition may not be required, clear communication on any post-closing changes help ensure retention.
- Asset acquisitions and mergers – Employees transferring to a new employer generally require new employment agreements. Prior service recognition may affect benefits, and state laws on paid time off payouts must be considered. Smooth payroll and benefits integration reduces attrition risks.
- Workforce growth and compliance – Expanding headcount due to reorganisation may trigger new legal obligations, such as Family and Medical Leave Act compliance once the workforce exceeds 50 employees. Employers should assess regulatory impacts in advance.

- Reductions in Force & Worker Adjustment and Retraining Notification (WARN Act) – Layoffs may trigger federal and state WARN Act requirements, often mandating 60 days' notice to employees and government agencies. Legal review ensures compliance with varying state thresholds.
- Union considerations – Collective bargaining agreements must be reviewed to address obligations related to transfers, layoffs or contract modifications. Engaging labour counsel early helps prevent disputes and ensures compliance.
- Bankruptcy and insolvency considerations – In Chapter 11 reorganisations, companies may seek to reject, assume or renegotiate employment contracts under court supervision. The Bankruptcy Code allows for modifications to collective bargaining agreements and retiree benefits under specific legal standards. Additionally, severance obligations and unpaid wages may receive priority claims status, while employee incentive and retention plans must comply with bankruptcy court approval requirements.

Law stated - 1 January 2026

10 What are the main issues relating to pensions and other benefits to consider in a corporate reorganisation?

Key US considerations include:

- whether the target entity or its affiliates sponsor a single employer-defined benefit pension plan;
- whether they contribute (or were obligated to contribute) to any multi-employer defined pension plan;
- the use of employer securities or real property as assets in any defined contribution plan;
- whether the target sponsors an Employee Stock Ownership Plan; and
- whether 25% or more of any class of the target's securities is held by retirement plans, individual retirement accounts or annuities.

If any of these issues are present, they can significantly impact the assessment of material liabilities and may even influence the structure or negotiation of the reorganisation.

Other benefits

Non-pension issues to assess include:

- the treatment of equity compensation (such as stock options, share schemes and restricted share units);
- change-of-control benefits, whether they involve "single trigger" or "double trigger" provisions;
- severance benefits, including provisions for "good reason" or "constructive termination";

- the potential for "golden parachute" taxes under section 280G of the Internal Revenue Code (IRC); and
- key employee compensation arrangements, ensuring compliance with IRC sections 457A or 409A.

Law stated - 1 January 2026

Financial assistance

11 | Is financial assistance prohibited or restricted in your jurisdiction?

In the United States, there is no broad statutory prohibition on financial assistance in corporate reorganisations. US companies may provide such assistance – even for transactions such as share buybacks, recapitalisations or other restructuring activities – as long as the transactions are conducted at arm's length and comply with applicable state corporate laws, fiduciary duties, tax regulations and securities laws. Directors should carefully assess potential risks, including impacts on the company's financial health, insolvency status and any restrictions in existing debt covenants. Additionally, the tax implications of these transactions must be closely considered. Depending on the transaction's structure, potential tax consequences may include adjustments to cost bases, limitations on deductions or the triggering of taxable events under the IRC. Engaging experienced tax counsel early in the process is advisable to ensure that the financial assistance is structured in a tax-efficient manner while meeting all relevant legal requirements.

Law stated - 1 January 2026

Common problems

12 | What are the most commonly overlooked issues or frequently asked questions in a corporate reorganisation?

Due diligence on liabilities and assets

Companies may miss hidden liabilities (legal, environmental or contingent liabilities) or undervalue assets. Detailed due diligence – including intercompany agreements and valuation analyses – is important.

Tax implications and structuring

Overlooking the tax consequences of a reorganisation can result in unexpected liabilities. Questions often arise about optimising structure to avoid adverse tax events, ensuring compliance with IRC provisions (eg, IRC section 368 requirements for tax-deferred treatment) and analysis of other tax considerations, such as cost basis adjustments.

Employee retention and benefits

Reorganisations that involve employee transfers or layoffs often prompt questions about retention packages, integration of benefits and compliance with employment laws, including potential obligations under the WARN Act and union collective bargaining agreements.

Contractual and third-party consents

Many overlook the need to review and, if necessary, obtain third-party consents for key contracts, especially when change-of-control provisions or restrictive covenants are in place.

Regulatory and compliance challenges

Key questions include how to meet the requirements of state corporate laws, securities regulations for public companies, and antitrust considerations under the Hart–Scott–Rodino Act, as well as the impact of potential bankruptcy or insolvency risks.

Operational integration and IT systems

Ensuring a smooth integration of IT systems, data migration and continuity of operational processes is often underestimated, yet critical to the post-reorganisation success.

Treasury and cash flow management

Overlooked issues may include the management of cash pools, currency hedging strategies and aligning intercompany financing arrangements to support the new corporate structure.

Law stated - 1 January 2026

ACCOUNTING AND TAX

Accounting and valuation

13 How will the corporate reorganisation be treated from an accounting perspective? How are target assets and businesses valued?

The treatment of a corporate reorganisation from a financial accounting perspective depends on the specific facts and circumstances of the transaction, which must be carefully analysed in each case. Financial accountants should be consulted early in the corporate reorganisation planning process to ensure that the relevant parties understand the accounting treatment of the transaction, including accounting-related valuation considerations.

Law stated - 1 January 2026

Tax issues

14 What tax issues need to be considered? What are the tax implications of carrying out a corporate reorganisation?

The US tax consequences of a corporate reorganisation depend on the specific facts and circumstances of the transaction, which must be carefully analysed in each case. For a reorganisation to qualify as tax-deferred in the United States, detailed and often complex requirements must be satisfied (typically, related to section 351 or 368 of the Internal Revenue Code (IRC)). If a reorganisation is taxable, depending on the transaction structure, US tax may apply at the shareholder or corporate level (or both).

US tax advisers should be consulted early in the corporate reorganisation planning process, and be involved in ongoing document review, to ensure that the reorganisation's structure and terms achieve the desired tax results.

The following US tax matters also should be considered in connection with a corporate reorganisation:

- Transactions involving non-US related corporations: If the reorganisation involves non-US entities that are related to the US corporation, the US corporation could be subject to taxation as a result of the reorganisation under various US tax regimes, including the US net controlled foreign corporation tested income rules, the Subpart F rules, and the base erosion and anti-abuse tax rules.
- Arm's-length terms: Transactions between related parties should be undertaken on arm's-length terms to avoid adverse tax results under the US transfer pricing rules of section 482 of the IRC (and related guidance). The transfer pricing rules under section 482 of the IRC establish permissible methodologies for determining the value, for US federal income tax purposes, of property transferred between related parties, as well as detailed documentation requirements.
- Tax reporting requirements: Special US tax reporting requirements may apply to certain reorganisations.
- Withholding taxes: US withholding taxes potentially could apply (particularly if any cross-border payments are to be made).
- Debt: US tax implications of debt issued or exchanged as part of the reorganisation should be reviewed for the potential impact on the tax treatment of the overall reorganisation, as well as the specific US tax rules applicable to such debt-related transactions (including the deductibility of interest).
- Compensation-based equity awards: US tax implications of compensation-based equity awards related to the reorganisation (such as, stock options, share schemes and restricted share units) should be reviewed.
- US state and local taxes: Tax consequences of the reorganisation for US state and local tax purposes should be reviewed.

Law stated - 1 January 2026

CONSENT AND APPROVALS

External consent and approvals

15 What external consent and approvals will be required for the corporate reorganisation?

External consents and approvals in a corporate reorganisation can vary widely depending on the structure of the transaction, the jurisdictions involved and the industry in which the companies operate. Common requirements include the following.

Contractual consents

Many key contracts – such as supplier agreements, leases, loan agreements and distribution contracts – contain change-of-control or transfer restriction provisions that require consent from third parties. Failure to obtain these consents can lead to breaches or termination rights under the contracts.

Regulatory approvals

Depending on the nature of the transaction, filings and approvals may be required from regulatory bodies such as the Securities and Exchange Commission for public companies, antitrust authorities under the HSR, and sector-specific regulators (eg, in financial services or telecommunications). In cross-border transactions, approvals from foreign regulatory authorities or compliance with the Committee on Foreign Investment in the United States may also be necessary.

Labour and union consents

If the reorganisation affects employees – such as in mergers or asset transfers – notifications or consents might be required under labour laws (including the WARN Act) or as stipulated in collective bargaining agreements.

Financial institutions and lender consents

Existing financing arrangements may impose covenants that limit certain actions without lender approval. This is particularly relevant if the reorganisation affects debt service capacity, asset composition or changes in control.

Other third-party approvals

In specific cases, external consents may be required from industry associations, licensing bodies or government agencies overseeing specific operational aspects.

Law stated - 1 January 2026

Internal consent and approvals

16 What internal corporate consent and approvals will be required for the corporate reorganisation?

Determining the necessary internal consents begins with a thorough review of the applicable corporate statutes, shareholder agreements, and the organisation's governing documents. Typically, the reorganisation must be approved by the relevant decision-making body – for example, a board resolution for corporations, a member resolution for member-managed limited liability companies (LLCs), or a manager resolution for manager-managed LLCs. In some cases, additional owner-level (shareholder or member) approval may also be required.

For larger or publicly listed companies, annual umbrella resolutions often cover a wide range of transactions, including corporate reorganisations. In these instances, it is advisable to verify whether the necessary approvals are already in place before drafting any transaction-specific resolutions.

Law stated - 1 January 2026

ASSETS

Shared assets

17 How are shared assets and services used by the target company or business typically treated?

Shared assets and services in a corporate reorganisation are generally addressed through fair value allocation, carve-out methodologies and, increasingly, transaction or transition support agreements (TSAs). Below are some key considerations.

Identification and allocation

Before finalising the transaction, the parties identify which assets or services (eg, IT systems, HR, facilities management) are shared across business units.

A carve-out or fair value analysis then determines how much of each asset or service should be attributed to the target entity, ensuring that allocations align with the business's operational needs and compliance requirements.

TSAs

When shared services are vital to the target's post-closing operations, a TSA may be employed to ensure business continuity. Under such an agreement, the selling entity (or another group company) agrees to continue providing critical services for a defined period typically at a defined cost.

TSAs typically detail service scope, service-level commitments and cost-allocation mechanisms, allowing the target to stand up or replace these services gradually without a hard cutover.

Governance provisions in TSAs outline escalation procedures, performance standards, and each party's responsibilities, minimising disruptions and potential disputes as the target transitions to full independence.

Contractual adjustments and consents

If the shared assets or services are governed by existing intercompany agreements, these may require amendments or consents to accommodate the new structure.

New contracts, licenses, or service agreements might also be needed if the target will continue accessing shared systems or brands after closing.

Tax and transfer pricing considerations

When allocating costs for services under a TSA – or transferring shared assets outright – companies must ensure compliance with arm's-length standards, transfer pricing regulations and local tax requirements.

Law stated - 1 January 2026

Transferring assets

18 | Are there any restrictions on transferring assets to related companies? If not, are there measures that can be taken to allow such a transfer?

In the US, transferring assets to related companies in the course of a corporate reorganisation is generally permissible. However, several legal, regulatory and practical considerations can effectively limit or restrict how such transfers occur, including the following.

Fiduciary duties and fair value requirements

Directors and officers owe fiduciary duties to the transferring entity's stakeholders. Transferring assets for less than fair value could breach these duties or be challenged as a constructive fraudulent transfer if it deprives the transferring company of reasonably equivalent value.

Fraudulent conveyance laws

Both federal (eg, section 548 of the Bankruptcy Code) and state (eg, versions of the Uniform Voidable Transactions Act) fraudulent transfer laws can apply if the transferring company is insolvent or near insolvency, or if the transfer is made with intent to hinder, delay or defraud creditors.

Corporate and shareholder approvals

Under state corporate laws (eg, the Delaware General Corporation Law), significant asset transfers may require board and, in some cases, shareholder approval. Company by-laws, operating agreements or shareholder agreements may impose additional procedural or notice requirements.

Third-party consents and contractual covenants

If assets are pledged as collateral under existing credit agreements or subject to restrictive covenants in commercial contracts, the consent of lenders or other contracting parties may be needed.

Tax implications

Certain tax-free reorganisations under the Internal Revenue Code (eg, sections 351 and 368 of the IRC) require compliance with specific transaction structuring requirements, which may influence how the transfer is executed.

Minority shareholder rights

If there are minority shareholders, related-party transactions may be subject to heightened scrutiny or appraisal rights in some jurisdictions. Proper documentation and valuation help mitigate challenges from minority interests.

Industry-specific or regulatory Approvals

Certain sectors may have additional regulatory approvals for asset transfers, particularly if licences, permits or regulated businesses are being transferred.

Law stated - 1 January 2026

19 | Can assets be transferred for less than their market value?

There is no absolute prohibition on transferring assets for less than their market value; however, the transaction must be structured and documented to mitigate fraudulent conveyance, tax and fiduciary duty risks.

Law stated - 1 January 2026

FORMALITIES

Date of reorganisation

20 | Can a corporate reorganisation be backdated or deemed to have already taken place, for example, from the start of the financial year?

Under US law, corporate reorganisations cannot generally be made retroactive from a legal standpoint because the transaction is only effective on the date it is executed and any required filings are completed. There are limited scenarios, however, where a retroactive date may be used for accounting or tax purposes, subject to specific conditions.

Legal effective date v accounting/tax effective date

Legally, the reorganisation becomes effective on the date the required approvals, board resolutions or filings (eg, with the Secretary of State) take place. Most states do not allow "backdating" these legal filings to a past date.

For accounting or tax treatment, however, companies sometimes designate an "effective date" in financial statements or tax returns (eg, the start of the fiscal year), provided this is consistent with Generally Accepted Accounting Principles, International Financial Reporting Standards and/or Internal Revenue Service (IRS) regulations. This approach is often used to simplify reporting or consolidate post-transaction finances.

Tax elections and consolidated returns

In some cases, tax elections or consolidated return rules permit transactions to be treated as occurring at an earlier date – particularly if the entities involved have common ownership.

Any such retroactive election must comply with IRS regulations (eg, the Internal revenue Code (IRC and Treasury Regulations), and it may be subject to strict timing and filing requirements.

If a retroactive date is used for accounting or tax purposes, the relevant documentation (such as board resolutions, merger agreements or asset purchase agreements) and financial statements should make clear the legal versus economic or tax effective dates.

Proper disclosure ensures transparency for auditors, regulators and other stakeholders, helping to avoid potential misunderstandings or allegations of improper backdating.

Law stated - 1 January 2026

Documentation

21 | What documentation is required or advisable in a corporate reorganisation?

Documentation for a corporate reorganisation varies based on the transaction structure, applicable laws and industry considerations. However, common documents are the following.

Resolutions

Directors or managers resolutions authorising the reorganisation, detailing the transaction steps and approving related agreements or filings.

Depending on state law, significant transactions (such as mergers or large asset sales) may require shareholder or member approval.

Organisational documents and amendments

Articles of incorporation, by-laws and operating agreements may need to be updated to reflect changes in corporate structure or ownership.

Amendments must often be filed with the relevant Secretary of State or local registry.

Plan of Reorganisation or merger agreement

A Plan of Reorganisation (or Plan of Merger) outlines the transaction's legal and procedural details (eg, which entities are merging, assets or shares being transferred).

In Chapter 11 reorganisations, a formal Plan of Reorganisation is filed in bankruptcy court.

Purchase and sale agreements/asset transfer agreements

If the reorganisation involves asset transfers, these agreements specify the scope of assets and liabilities being transferred, the purchase price and representations and warranties.

Equity purchase agreements or equity exchange agreements

In equity acquisitions, this document stipulates the terms for transferring shares from one entity or equity holder to another.

Ancillary agreements

Transition services agreements (TSAs) or intercompany services agreements to govern ongoing shared services post-reorganisation.

Licences or intellectual property transfer agreements if intellectual property rights are involved.

Lease agreements or assignments for real property arrangements.

Banking and financing documents

Updated or new credit agreements, loan assumptions or security agreements if the reorganisation affects financing arrangements, triggers covenants or requires lender consent.

Regulatory filings and consents

HSR filings for antitrust clearances (if thresholds are met).

SEC filings for public companies (eg, proxy statements, Form 8-Ks).

Any industry-specific approvals (eg, for financial services, healthcare, telecommunications).

Tax filings and elections

In some cases, there are IRS forms for certain tax elections and special tax reporting obligations in the case of certain tax-deferred reorganisations.

Supporting transfer pricing documentation if intercompany transfers are involved.

Intercompany agreements

Intercompany loan agreements or promissory notes are often prepared to deal with cash transfers and accounting issues.

Employee related agreements/notices and benefit plan documents

Employment offer letter or employment agreement with the new employer should be issued or entered into with employees.

If WARN obligations are triggered due to a layoff or reduction in force, then proper notice should be prepared and provided to employees or their representatives, and state and local governments.

Updated benefit or stock option plans, reflecting changes in sponsoring entities.

Law stated - 1 January 2026

Representations, warranties and indemnities

22 Should representations, warranties or indemnities be given by the parties in a corporate reorganisation? If so, which are most common?

It is relatively uncommon for corporate reorganisation documentation to feature extensive representations and warranties and indemnity provisions. Although it is important for agreements to reflect arm’s-length terms, robust representations and warranties are typically associated with a level of due diligence more common in third-party transactions — a process generally not required for intragroup scenarios.

In most cases, representations and warranties focus on essentials such as the transferor’s authority, the absolute transfer of title, compliance with applicable laws and confirmation of no ongoing litigation. When addressing title to equity or assets, these provisions are often split between economic ownership, which is under the transferor’s control and can be timed to meet closing deadlines and legal title, which may require additional steps, such as formal filings or registrations, to finalise.

Law stated - 1 January 2026

Assets versus going concern

23 Does it make any difference whether assets or a business as a going concern are transferred?

The treatment of a transaction can differ significantly depending on whether individual assets or an entire business as a going concern are transferred. Successor liability considerations also vary under each approach, often influencing deal structure and negotiation. Key distinctions include the following.

Scope and complexity

- Asset transfer: Typically involves identifying, valuing and transferring each asset (eg, equipment, IP rights, receivables) through individual assignments or registrations. Acquirers often try to exclude certain assets or liabilities.
- Going-concern sale: Involves transferring a complete operational unit – including assets, liabilities, employees and contracts – in a single transaction.

Contractual consents, liabilities and successor liability

- Asset transfer:
    - Generally, liabilities remain with the seller unless specifically assumed by the buyer. However, successor liability may still arise in certain contexts, depending on state law or public policy exceptions.
    - Multiple separate consents may be required for each asset or contract (eg, IP licences, equipment leases, liens).
- Going-concern sale:
    - Liabilities are likely to transfer automatically with the business.
    - Fewer individual consents may be needed overall, but broader due diligence is critical to assess legacy liabilities and change of control provisions in contracts and agreements.

Employees and HR considerations

- Asset transfer:
    - Employees tied to transferred assets typically need new employment agreements with the buyer. Termination and rehire processes vary by jurisdiction and can trigger compliance obligations.
- Going-concern sale:
    - The workforce moves with the business as a package, often maintaining seniority and benefits. This can be more seamless from an operational

standpoint but might impose additional obligations under labour laws or collective bargaining agreements.

Operational continuity

- Asset transfer:
  - Buyers and sellers may enter into TSAs to cover any gap in operations while assets are migrated.
- Going-concern sale:
  - The business continues relatively uninterrupted, reducing downtime but requiring careful coordination to ensure no break in contracts, supply chains or customer relationships.

Law stated - 1 January 2026

Types of entity

24 Explain the key differences between public, private, government or non-profit entities to consider when undertaking a corporate reorganisation.

When undertaking a corporate reorganisation, the nature of the entity – whether public, private, governmental or non-profit – has a considerable impact on the process and documentation.

Public companies must comply with federal and state securities laws, typically requiring filings with the SEC. Major reorganisations often trigger disclosures such as proxy statements, registration statements or Forms 8-K. These companies are also subject to more stringent corporate governance requirements set by stock exchanges (for example, NYSE or NASDAQ), and their boards must account for the interests of a broader investor base. Shareholder approval may be mandatory in certain transactions, and because market perception is critical, a robust communication strategy is essential to maintain investor confidence.

Private companies, on the other hand, enjoy greater flexibility in structuring reorganisations. With concentrated ownership and fewer mandatory disclosures, the approval process is often more streamlined. However, these entities must still consider any restrictions or obligations imposed by shareholder or member agreements, particularly where minority shareholders are involved. Private companies also need to secure lender consents and comply with applicable state corporate laws, which may require board or shareholder votes for certain significant actions.

Government entities (including state-owned enterprises) may operate under specific statutes or legislative frameworks that restrict their ability to reorganise freely. They often need approval from legislative or administrative bodies, and public bidding or procurement requirements can introduce further complexity. These reorganisations also face heightened scrutiny from media, constituents and oversight agencies, meaning political considerations can shape both the timing and scope of any restructuring.

Nonprofit organisations must ensure that any reorganisation aligns with their charitable purpose and preserves their tax-exempt status under section 501(c) of the IRC. Many states require advance notification to, or approval from, the attorney general's office for significant transfers of charitable assets. Additionally, non-profits often deal with restricted-use donations and grants, which require strict adherence to donor intent during a reorganisation. Boards of directors or trustees must act in accordance with their fiduciary duties to maintain stakeholder trust and protect the organisation's mission.

Law stated - 1 January 2026

Post-reorganisation steps

25 Do any filings or other post-reorganisation steps need to be taken after the corporate reorganisation?

From a corporate standpoint, the post-reorganisation filings and formalities required will vary depending on the transaction structure and the jurisdictions involved. In the United States, for example, equity transfers often entail several post-closing steps:

- cancelling old equity certificates and issuing new ones;
- filing or registering the equity transfer with relevant authorities; and
- updating the shareholders' register or limited liability company operating agreements.

In many jurisdictions, mergers may trigger additional post-merger notifications to employees, government agencies, counterparties or other third parties. Likewise, transferring a note from one creditor to another typically requires notifying the debtor. When creating a new entity, local requirements often include registration with tax, social security or labour authorities and the opening of new bank accounts.

If an acquirer in a corporate reorganisation assumes or continues the target's employee equity programmes, securities law filings may be necessary. Terminating or freezing retirement or pension plans in a reorganisation may also require government filings.

Finally, if employees move from one entity to another as part of the reorganisation, standard HR onboarding procedures – such as setting up payroll, enrolling employees in benefits, conducting orientations and distributing policies – should be completed to ensure a smooth transition.

Law stated - 1 January 2026

UPDATE AND TRENDS

Hot topics

26

> What are your predictions for next year and how will these impact corporate reorganisations in your jurisdiction (for example, expected trends or pending legislation)?

As a substantial wave of corporate debt maturities approaches between 2026 and 2028, boards, sponsors and management teams are increasingly rethinking how corporate reorganisations fit within broader capital structure planning. Although reorganisations have traditionally focused on operational efficiency and corporate rationalisation and simplification, they are now often evaluated alongside liability management transactions and other capital solutions as part of a broader effort to preserve enterprise value and manage balance sheet risk.

Strategic realignment through traditional reorganisation transactions

Traditional forms of corporate reorganisation, including spin-offs, share buybacks and asset carve-outs, remain a common feature of corporate planning. Companies continue to use these transactions to sharpen operational focus, divest non-core assets and streamline legal structures that may have developed through years of acquisitions and financings.

Such transactions often become more prevalent during periods of economic uncertainty, when management teams are focused on conserving liquidity, improving operational efficiency and positioning core businesses for long-term growth. Increasingly, however, these structural transactions are evaluated alongside broader balance sheet considerations, particularly where companies are managing leverage or approaching refinancing deadlines.

Liability management as a driver of reorganisation activity

One of the most notable developments in recent years has been the growing role of liability management exercises in shaping corporate reorganisation strategies. Elevated interest rates, tighter credit conditions and approaching debt maturities have prompted many companies to pursue proactive balance sheet management well before liquidity pressures become acute.

Transactions such as debt-for-equity exchanges, uptier financings, drop-down structures and covenant modifications have become increasingly common tools for borrowers and sponsors seeking to extend maturities, preserve liquidity and proactively stabilise capital structures outside of formal insolvency proceedings. In many cases, these strategies are evaluated alongside potential asset sales, sponsor-led recapitalisations and other strategic alternatives as part of a broader effort to preserve enterprise value and maintain operational flexibility.

The continued growth of private credit has further shaped this landscape. Ad hoc creditor groups and cooperation agreements are now common features of liability management processes, often requiring careful navigation of intercreditor arrangements, fraudulent transfer considerations and evaluation of potential litigation costs.

Operational continuity and execution risk

Successful reorganisations increasingly require careful planning around operational continuity and risk allocation. Where businesses are separated or assets transferred across affiliated entities, companies must establish frameworks governing shared services, transition support arrangements and intellectual property licensing to ensure seamless operations following the transaction. These challenges can be particularly pronounced in cross-border reorganisations involving multiple legal and regulatory regimes.

Workforce continuity and incentive alignment have also become important considerations, as reorganisations can affect equity compensation arrangements, employee benefits and management incentive plans.

Looking ahead: The expanding role of capital solutions

Looking ahead, the role of capital solutions in corporate reorganisations is likely to expand further. With significant corporate debt coming due over the next several years, many companies will face refinancing challenges if credit markets remain constrained. As a result, boards and sponsors are expected to increasingly explore a range of liability management strategies, including maturity extensions, exchange transactions and opportunistic recapitalisations, well before traditional distress scenarios arise.

Against this backdrop, corporate reorganisations will increasingly be evaluated as part of a broader strategic toolkit that includes liability management, opportunistic M&A and sponsor-led recapitalisations. For companies navigating an uncertain financing environment, the ability to integrate operational restructuring with creative capital solutions will likely become an increasingly important component of long-term financial strategy.

Law stated - 1 January 2026

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Summary

LEGAL AND REGULATORY FRAMEWORK

Types of transaction

1 What types of transactions are classified as "corporate reorganisations" in your jurisdiction?

Corporate reorganisations in Vietnam find their primary legal basis in the Law on Enterprises 2020 and the Law on Securities 2019. Under the Law on Enterprises 2020, the framework distinguishes between four main statutory routes: division, separation, consolidation and merger. A division effectively terminates the original entity by splitting it into multiple new companies, whereas a separation allows the parent company to survive while spinning off a portion of its assets and obligations – a distinction often vital for investors navigating legacy liabilities. Consolidation involves two or more companies dissolving to form an entirely new entity, while a merger sees one or more companies absorbed into an existing receiver.

Beyond these structural shifts, the law provides for the conversion of enterprise type, such as moving from a limited liability company to a joint stock company or transforming a private enterprise into a corporate entity. Vietnamese law maintains a distinct classification of business forms that differs from many Western jurisdictions. This includes the private enterprise, where a single individual owns the business and bears unlimited liability for all obligations. As these businesses scale, owners frequently utilise statutory conversion mechanisms to transition into a limited liability company or a joint stock company to secure limited liability protection and facilitate broader capital investment or a future public listing. These conversion paths are essential for domestic businesses seeking to professionalise their corporate governance and attract foreign partnerships. In the capital markets, the law on securities 2019 recognises share exchanges, which are typically deployed during public company takeovers or large-scale corporate restructurings.

Outside these statutory definitions, market practice frequently relies on functional equivalents to achieve the same ends. Share transfers remain the most popular choice for local M&A due to their relative simplicity. Business and asset transfers are also common, particularly when an investor intends to carve out a specific business line or acquire high-value assets, such as land use rights or intellectual property, without inheriting the entire historical burden of a target company.

Law stated - 11 May 2026

Rate of reorganisations

2 Has the number of corporate reorganisations in your jurisdiction increased or decreased this year compared with previous years? If so, what are the key drivers for such change in the number?

While official nationwide statistics for the current year remain pending, market observations suggest a consistent increase in corporate reorganisation activity in Vietnam compared with previous periods. This upward trend is primarily propelled by a notable rise in inbound

M&A transactions and a drive for operational efficiency among foreign-invested enterprises. Group-wide restructurings, particularly those involving Japanese and other multinational parent companies transferring Vietnamese subsidiaries within their global structures, have become increasingly prevalent.

In the private sector, strategic reorganisations are frequently driven by valuation gaps during M&A negotiations. Local targets often demand higher valuations based on their land use rights, which may exceed the price investors are willing to pay for the core business. To bridge this gap and facilitate a successful transaction, sellers are increasingly spinning out land use rights through asset transfers to separate affiliates. This allows the investor to acquire the operational business without the premium associated with real estate, while the seller retains the land assets – a practical solution that has contributed significantly to the recent volume of reorganisations.

Law stated - 11 May 2026

Jurisdiction-specific drivers

3 | Are there any jurisdiction-specific drivers for undertaking a corporate reorganisation?

Several jurisdiction-specific factors drive corporate reorganisations in Vietnam, with recent legislative updates playing a pivotal role. A primary driver is the implementation of Decree 57/2026/ND-CP, which has effectively revitalised the equitisation programme for major state-owned enterprises. This regulation has triggered a wave of reorganisations among large-scale entities as they transition to joint stock models to filter and attract high-quality capital.

Furthermore, the regulatory shift under Decree 96/2026/ND-CP and amendments to the law on enterprises have prompted many manufacturers to reorganise their structures to comply with stricter environmental and technological criteria. These changes introduce enhanced requirements for corporate transparency and governance, often necessitating structural shifts for compliance.

Other significant drivers include stringent foreign ownership caps in protected sectors and tax efficiency goals, such as the consolidation of tax losses and optimisation of withholding tax. Additionally, Vietnam’s commitments under international frameworks, notably those of the Financial Action Task Force , have led to stricter anti-money laundering regulations, prompting businesses to restructure to ensure alignment with international standards.

Law stated - 11 May 2026

Structure

4 | How are corporate reorganisations typically structured in your jurisdiction?

Regarding statutory reorganisations governed by the law on enterprises 2020, conversions of enterprise type and mergers are notably more common than divisions or separations. While statutory mergers allow for a comprehensive integration of entities, divisions and separations are often perceived as more administratively burdensome. This is primarily due to complex asset appraisal requirements, mandatory creditor notification periods and the rigorous tax finalisation processes often triggered by the dissolution of a legal entity. Consequently, holding company structures are increasingly established through the use of foreign-invested enterprise vehicles, which manage downstream assets via subsidiaries to streamline regional operations.

In market practice, share transfers remain the most prevalent mechanism for shifting ownership or control within operating companies. This preference is largely due to the relative procedural simplicity and the continuity of the target's legal personality, licences and contractual relationships. Business and asset transfers are also frequently utilised, particularly when an investor seeks to acquire a specific business line or separate high-value assets – such as land use rights – to avoid inheriting the historical liabilities of the broader corporate entity.

Law stated - 11 May 2026

Laws and regulations

5 What are the key laws and regulations to consider when undertaking a corporate reorganisation?

To ensure a compliant corporate reorganisation in Vietnam, practitioners must navigate a multifaceted legal landscape:

- The Law on Enterprises 2020 (as amended) serves as the cornerstone, providing the fundamental mechanics for division, separation, consolidation, merger and the conversion of enterprise types.
- The Law on Investment 2025 is critical for transactions involving foreign-invested enterprises, as it dictates investment registration requirements and market access conditions.
- The Law on Land 2024 must be prioritised, particularly when reorganisations involve the transfer or succession of land use rights, requiring strict adherence to administrative land procedures.
- The Law on Securities 2019 applies to any restructuring involving public companies or listed entities, focusing on compliance and public disclosure obligations.
- The Law on Real Estate Business 2023 becomes relevant if the reorganisation includes the transfer of specific real estate projects.
- The Law on Competition 2018 governs economic concentrations to ensure merger control compliance.
- Tax legislation, including the corporate income tax law and value added tax law, dictates the fiscal treatment of all reorganisation transactions.

Law stated - 11 May 2026

National authorities

6 | What are the key national authorities to be conscious of when undertaking a corporate reorganisation and what role does each authority play?

When undertaking a corporate reorganisation in Vietnam, several national and local authorities play distinct regulatory roles to ensure compliance with the relevant laws:

- The Ministry of Finance and provincial Departments of Finance: Following recent administrative reforms, these have become the primary licensing authorities responsible for issuing and amending enterprise registration certificates and investment registration certificates. They oversee the formal statutory mechanics of reorganisations, such as mergers, divisions or conversions, for both domestic and foreign-invested enterprises.
- The Ministry of Agriculture and Environment and provincial Departments of Agriculture and Environment: This newly consolidated authority supervises the succession or transfer of land use rights and the update of land-related titles resulting from a reorganisation, ensuring compliance with the law on land 2024.
- The State Securities Commission: Operating under the Ministry of Finance, the SSC oversees reorganisations involving public companies and listed entities to ensure market transparency and protection of minority shareholders in accordance with the law on securities 2019.
- The National Competition Commission: This is the specialised agency under the Ministry of Industry and Trade responsible for reviewing economic concentration notifications to ensure that mergers or consolidations do not significantly restrict competition in the Vietnamese market.
- Tax authorities: Comprising the General Department of Taxation and provincial tax departments, these bodies review tax finalisations and filings arising from reorganisations. They ensure that all tax obligations are settled, particularly when an entity is dissolved or assets are transferred.
- Sector-specific regulators: Depending on the industry, other authorities such as the State Bank of Vietnam (for banking) or the Ministry of Information and Communications (for telecommunications) may require prior approval for structural changes within regulated enterprises.

Law stated - 11 May 2026

KEY ISSUES

Preparation

7 | What measures should be taken to best prepare for a corporate reorganisation?

The scope and intensity of preparation for a corporate reorganisation in Vietnam often depend on whether the transaction is an arm's-length deal between independent parties or an internal strategic restructuring. In arm's-length transactions, the first priority is a comprehensive legal and operational due diligence exercise to identify assets, liabilities and regulatory approvals attached to the entities involved. Particular attention is required for land use rights under the law on land, investment registration certificates and conditional business licences, as these frequently contain restrictions on transfer or require prior approval from the competent authorities.

Conversely, in internal reorganisations, the focus shifts from adversarial negotiation to administrative and third-party compliance. The preparation in such cases is primarily designed to ensure that the step plan meets the stringent requirements of the licensing authorities during administrative procedures and addresses the rights of third parties, such as lenders or major suppliers. Even in internal mergers where the interests of the constituent entities are aligned, rigorous attention to detail remains essential to ensure a seamless succession of rights and obligations, particularly regarding the continuity of licences and land titles.

From a transactional perspective, all forms of restructuring benefit from a detailed step plan. Vietnamese reorganisations involve multiple interdependent procedures, including shareholder approvals, creditor notifications, employee consultations and licensing amendments. Early coordination with the relevant licensing authorities is vital to ensure that the proposed timeline for amending enterprise registration certificates and investment registration certificates aligns with the commercial objectives of the group.

Finally, tax and labour considerations must be assessed at the outset. Different restructuring methods – such as a share transfer versus an asset spin-out to bridge valuation gaps – produce substantially different tax consequences under the scrutiny of the tax authorities. Similarly, Vietnamese labour law imposes strict obligations regarding labour usage plans and consultation procedures. In practice, ensuring a seamless transfer of employment contracts is as commercially significant as the legal mechanics, particularly for internal restructurings aimed at global operational integration.

Law stated - 11 May 2026

Key departments and operational issues

8 What departments of the concerned companies are most involved in corporate reorganisations and what are the most challenging operational issues?

Vietnamese corporate reorganisations demand close coordination across the business, with legal, finance and tax typically driving the process from planning through to execution.

Legal sits at the centre of most transactions. Internal counsel and external advisers map out the restructuring route, prepare documentation, and manage the complex filing processes required by the competent authorities. In Vietnam specifically, the legal workstream carries significant weight as it must navigate licensing constraints, foreign ownership caps and land-related risks under the law on land. Because administrative procedures are often fragmented across different licensing authorities, securing regulatory approvals typically becomes the most time-consuming phase of the exercise.

Finance and accounting are equally indispensable, particularly regarding valuation, financial restructuring and post-closing integration. Reconciling accounting systems and intercompany balances is a standard feature of Vietnamese reorganisations. In practice, inconsistencies in historical documentation – especially within long-established private groups – can create substantial implementation challenges during the due diligence and filing stages.

Tax teams are integrated throughout the process, as the choice of structure profoundly impacts tax outcomes. A recurring challenge in Vietnam is that the practical tax treatment of a reorganisation may not always align perfectly with the corporate law mechanics adopted by the parties. This necessitates extensive engagement with tax advisers and, frequently, direct consultation with the tax authorities to address issues such as capital gains exposure, transfer pricing and the continuity of tax incentives attached to specific investment projects.

Finally, the human resources department becomes central whenever the transaction involves workforce reallocation or changes in management structures. Vietnamese labour law prescribes specific procedures for labour usage plans and employee consultations that must be strictly followed. Operationally, maintaining workforce stability and preventing disruption to production or client relationships is a critical concern, particularly in the manufacturing, retail and logistics sectors. Where a reorganisation introduces new management practices into a domestic business, cultural integration adds a layer of complexity that is often as significant as the legal mechanics themselves.

Law stated - 11 May 2026

Employment issues

9 What are the main issues relating to employees and employment contracts to consider in a corporate reorganisation?

One of the principal issues in a Vietnamese corporate reorganisation is the treatment of existing employment contracts. Under the current labour framework, a reorganisation does not automatically terminate employment relationships. In most restructuring scenarios, the successor entity is legally required to assume all rights and obligations of the existing employer. Consequently, companies must carefully assess whether employment arrangements will transfer by operation of law, require formal amendments or necessitate explicit employee consent, depending on the specific transaction structure and any contemplated operational changes.

For key personnel, the continuity of service is a critical factor for workforce retention. Beyond the legal assumption of contractual obligations, key employees often negotiate for the continued recognition of their prior service period and accumulated benefits – such as seniority for calculating annual leave entitlements, severance pay or performance-based incentives – when transitioning to the successor entity. Ensuring that the new employer formally acknowledges these historical contributions is a vital commercial strategy to retain top talent and maintain operational stability during the post-reorganisation phase.

Another major consideration is the mandatory requirement to prepare and implement a labour usage plan where the reorganisation affects employment arrangements or may result in workforce reductions. Vietnamese law imposes strict procedural obligations on employers proposing redundancies due to organisational restructuring or technological change. These obligations typically include mandatory consultation with employee representative organisations, advance notification to the relevant labour authorities, and the payment of statutory job loss allowances. Failure to strictly follow these procedural steps can lead to significant delays in the overall reorganisation timeline or potential industrial disputes.

Employee representative organisations play a vital role during implementation. Although the labour framework has evolved to accommodate international standards, consultation obligations remain a significant practical hurdle, particularly in large-scale reorganisations involving substantial operational shifts. Maintaining transparent communication with these bodies is often critical to preserving operational continuity and avoiding costly labour-related litigation.

Finally, an increasingly complex issue relates to personal data protection and the management of employee information during due diligence and post-closing integration. Reorganisations frequently involve the transfer and review of sensitive personnel data, payroll records and internal performance reviews. Companies must ensure that such data transfers comply with Vietnam's stringent personal data protection regulations, which often require specific security measures and, in certain cases, the explicit consent of the data subjects before their information is shared with or transferred to a successor entity.

Law stated - 11 May 2026

10 What are the main issues relating to pensions and other benefits to consider in a corporate reorganisation?

While occupational pension schemes common in Western jurisdictions are not a standard feature in Vietnam, corporate reorganisations necessitate a rigorous assessment of statutory insurance and contractual benefits. Vietnam's social security framework is primarily state-managed and mandatory, requiring employers to contribute to social, health and unemployment insurance funds. A key issue in any reorganisation – particularly those involving the dissolution of an entity or a business transfer – is the requirement to fully settle all outstanding insurance contributions and finalise social insurance books for employees. Competent authorities often require proof of such settlement before processing the final administrative steps of a reorganisation.

Furthermore, many foreign-invested and large-scale enterprises provide voluntary supplementary benefits, such as private health insurance, life insurance or longevity bonuses. In a reorganisation, parties must determine whether these non-statutory benefits will be harmonised across the combined workforce or if the successor entity will maintain disparate benefit structures. For key personnel, the continuity of service for calculating benefits such as annual leave and severance entitlements is a significant commercial consideration. Employers must ensure that any changes to these benefit structures comply with both the existing employment contracts and the internal labour rules of the successor entity.

Law stated - 11 May 2026

Financial assistance

11 | Is financial assistance prohibited or restricted in your jurisdiction?

Vietnam has no standalone financial assistance regime comparable to those found in common law jurisdictions. Neither the law on enterprises nor the law on securities contains a dedicated statutory prohibition on a company providing financial assistance for the acquisition of its own shares or those of a parent or affiliate. That said, a combination of corporate, lending, capital maintenance and related-party transaction rules can substantially constrain such arrangements in practice.

For joint stock companies, the law includes protections aimed at preserving charter capital and safeguarding shareholders and creditors. A company generally cannot utilise its own funds to buy back its own shares outside the statutory repurchase mechanisms permitted under the law on enterprises. Loans or guarantees extended to shareholders, managers or related parties can also trigger corporate approval requirements, conflict-of-interest rules, and fiduciary obligations on management. In practice, these issues surface most often in leveraged acquisitions and management buyouts, where using the target's assets to secure acquisition financing may be scrutinised under capital maintenance principles.

Public companies and regulated entities face an additional layer of constraints. Listed companies entering into material related-party transactions are subject to disclosure obligations and board or shareholder approval thresholds. For credit institutions and insurers, the restrictions are even more stringent, as prudential rules on lending exposure and capital adequacy impose meaningful limits.

Foreign exchange and lending regulations add another significant dimension. Cross-border financing involving offshore lenders remains heavily regulated by the State Bank of Vietnam, particularly where the structure includes foreign loans, offshore guarantees or security arrangements. Security over Vietnamese assets, including land use rights and shares, must often be registered with the competent authorities or may be subject to structural constraints depending on the nature of the borrower and the secured obligations. As a result, acquisition financing structures in Vietnam require close coordination across corporate, banking and foreign exchange counsel to ensure compliance with the evolving regulatory landscape.

Law stated - 11 May 2026

Common problems

12 | What are the most commonly overlooked issues or frequently asked questions in a corporate reorganisation?

One of the most consistently overlooked issues in Vietnamese reorganisations is the relationship between the transaction structure and the regulatory standing of the underlying business. While ownership transfer dominates attention, many reorganisations depend on whether licences, investment approvals and sector-specific permits can be amended or reissued. In practice, delays involving investment registration certificates, enterprise registration amendments and land-related permits regularly become the critical path items.

Land use rights and real estate assets remain a recurring source of difficulty. Vietnam's land administration regime is distinct, as users hold land use rights rather than an outright title. Transferring land use rights, industrial land leases and associated project approvals under the law on land requires careful analysis. The extent to which rental payments, construction compliance or planning approvals affect deal viability is frequently underestimated by international investors.

Historical liabilities present another trap. Asset carve-outs are commonly used to ring-fence exposure, but the tax authorities and licensing authorities tend to prioritise the commercial substance over legal form, particularly regarding labour and environmental matters. Due diligence must therefore reach beyond formal structures to capture contingent liabilities and historical compliance gaps, especially within long-established private groups.

Charter capital compliance also creates complications. Vietnamese law imposes strict rules on capital contributions and reductions. Many private companies carry historical inconsistencies regarding contribution timing or asset valuations that become acute when investors require confirmation that charter capital has been fully paid up in accordance with the law on enterprises.

Intercompany balances and shareholder loans are areas where informality creates significant friction. Corporate groups in Vietnam often operate with undocumented funding arrangements. When a reorganisation brings these to light, unresolved receivables and unclear repayment terms can complicate financial reporting and tax analysis.

Tax treatment remains the most frequent source of inquiries. Parties often assume that statutory mergers or intra-group transfers are tax-neutral. However, the tax authorities assess transactions based on economic substance. Capital gains exposure, transfer pricing and the survival of tax incentives attached to investment projects must be rigorously assessed, as the outcomes may not align with the corporate law labels used.

Contractual consent requirements and insurance obligations are frequently addressed too late. Change-of-control clauses and assignment restrictions in commercial agreements or financing documents can be triggered by a reorganisation even if day-to-day operations remain unchanged. Furthermore, failing to amend insurance policies or obtain insurer consent for asset transfers can leave gaps in coverage during the transition.

On the regulatory side, merger control and foreign investment thresholds continue to catch parties off guard, particularly in internal reorganisations. Local filing obligations to the competent authorities can still arise where market share thresholds or foreign ownership conditions are met.

Finally, post-closing integration in Vietnam consistently proves more demanding than anticipated. Integrating accounting systems, employee records and operational controls remains document-heavy and locally administered, requiring substantial resources long after the legal restructuring has officially closed.

Law stated - 11 May 2026

ACCOUNTING AND TAX

Accounting and valuation

13 How will the corporate reorganisation be treated from an accounting perspective? How are target assets and businesses valued?

Corporate reorganisation in Vietnam is governed by a framework that integrates the law on enterprises with local accounting practices. Understanding how these transactions are treated is essential for maintaining financial integrity and compliance, as the choice of accounting method significantly influences a corporation's reported net or fair value and its subsequent tax obligations.

In a merger, one or more companies transfer all assets and obligations to an existing entity and cease to exist. Under Vietnamese accounting standards, specifically Vietnamese Accounting Standards 11, the treatment depends on whether the transaction is under common control or is a true acquisition. For common control, assets are typically recorded at book value, which maintains tax neutrality and avoids complex revaluations. Conversely, an acquisition requires recording assets at "fair value", often revealing a "valuation gap" relative to historical costs. To maximise benefit, corporations may prefer the acquisition method to step up asset bases, although they must manage the mandatory 10-year amortisation limit for any resulting goodwill. Recording a bargain purchase as immediate income can boost short-term profits, provided the corporation is prepared for potential tax scrutiny.

Consolidation involves two or more entities dissolving to form a distinct new corporation. From an accounting perspective, this requires a comprehensive valuation of all contributing businesses to establish the new entity's opening balance sheet. While similar to mergers, consolidation allows for a "fresh start" in financial reporting. Corporations can benefit by performing rigorous fair value assessments of previously unrecognised intangible assets. This approach enhances the equity base of the new entity, providing a more robust financial position for future capital raising. It is essential that these valuation methodologies remain consistent with local regulatory expectations regarding economic substance to ensure the new capital structure is defensible during audits.

A 'division' results in the original entity's dissolution, while a "split" allows it to persist. Corporate splits and divisions are generally treated as asset transfers where the accounting focus lies in determining the "cost basis" of the transferred items. A critical risk in these transactions is the improper allocation of liabilities; if debt is not distributed proportionally to the earning capacity of the resulting entities, it may trigger "going concern" warnings from auditors. To optimise the outcome, corporations should perform valuations that justify debt assignments based on projected cash flows. This strategic allocation ensures that each unit remains viable and can leverage interest expense deductions effectively within the limits of local thin capitalisation rules.

Successful reorganisation requires a synergy between valuation techniques and accounting records. By selecting the appropriate reporting method and ensuring precise asset and debt allocation, corporations can mitigate audit risks while reflecting their true economic value. Aligning these financial strategies with local tax and accounting decrees is fundamental to achieving a sustainable post-transaction structure.

Law stated - 11 May 2026

Tax issues

14 What tax issues need to be considered? What are the tax implications of carrying out a corporate reorganisation?

Corporate reorganisation in Vietnam is rarely tax-neutral. A merger, consolidation, split or division may trigger tax finalisation obligations and affect tax losses, tax incentives and the tax basis of transferred assets. The principal tax issue is therefore not only how to complete the restructuring from a corporate law perspective, but also how to preserve existing tax benefits while avoiding inherited liabilities and unintended taxable gains.

In both mergers and consolidations, the surviving or newly established company inherits the rights and obligations of the reorganised entities, including outstanding tax liabilities, penalties and tax audit exposure. From a corporate income tax perspective, unused tax losses may continue to be carried forward for up to five consecutive years, provided the statutory conditions are satisfied and the transaction is not regarded as tax avoidance. Existing tax incentives may also continue for the remaining incentive period if the post-reorganisation business continues satisfying the original incentive conditions, although the restructuring itself is generally not treated as creating a new investment project for incentive purposes. Accordingly, tax planning should focus on thorough pre-closing due diligence, preservation of incentive conditions and timely utilisation of carried-forward losses before expiry. In addition, enterprises participating in a merger or consolidation must complete corporate income tax, value added tax and personal income tax finalisation up to the restructuring date.

For a split or division, the key tax issue concerns the valuation of transferred assets and allocation of tax obligations among the resulting entities. Where assets are transferred at "book value", the transaction is generally treated as an internal reorganisation, which reduces the risk of immediate taxable gains. By contrast, transfers based on "fair value" may cause the valuation uplift to be treated as taxable income arising from asset disposal. However, the higher revalued amount may subsequently increase deductible depreciation expenses for the receiving entity. In practice, using book value is usually more tax-efficient where immediate tax exposure is a primary concern, while fair value may be commercially preferable where shareholder proportions change significantly or future depreciation benefits outweigh the upfront tax cost.

Overall, the tax efficiency of a corporate reorganisation depends heavily on early planning and careful due diligence. Reviewing tax incentives, historical losses and contingent tax liabilities before implementation can substantially reduce post-transaction tax exposure and preserve long-term tax benefits.

Law stated - 11 May 2026

CONSENT AND APPROVALS

External consent and approvals

15 What external consent and approvals will be required for the corporate reorganisation?

Corporate reorganisations in Vietnam necessitate a range of external consents and approvals from competent authorities and third parties. The requirement for such approvals often functions as a critical condition precedent in transaction documents.

Approvals from competent authorities include:

- the company must obtain an amended or new enterprise registration certificate, as the issuance of this certificate constitutes the formal approval of the licensing authorities for the corporate change.
- for companies holding an investment registration certificate, the reorganisation often requires an amendment to the certificate to reflect changes in the investor structure or project implementation entity.
- parties must obtain merger control clearance for reorganisation transactions meeting specific thresholds, including total assets, transaction value, turnover or market share, by notifying the Vietnam Competition Commission before implementation.
- companies operating in regulated sectors must secure prior consent from the relevant licensing authorities, such as the State Bank of Vietnam for the reorganisation of a commercial bank.

Consents from third parties are frequently required where commercial agreements contain change-of-control or anti-assignment provisions. In practice, such clauses are most prevalent in financing agreements, where a lender's prior written consent is required before the borrower can proceed with a reorganisation. Furthermore, when dealing with major partners or high-value commercial contracts, change-of-control provisions are strictly enforced to protect the counterparty's interests. A reorganisation triggered without prior consent may not only result in a breach of contract but also severely impair the target's ability to maintain its supply chain or deliver products and services. This operational disruption can undermine the fundamental commercial rationale of the reorganisation. Finally, companies with significant land use rights or located in industrial zones may also require the consent of the relevant industrial zone management board or lessors to ensure the seamless transfer of leasehold interests.

Law stated - 11 May 2026

Internal consent and approvals

16 What internal corporate consent and approvals will be required for the corporate reorganisation?

Corporate reorganisations in Vietnam require formal internal approvals from the highest governing bodies of the participating entities. The specific requirements vary depending on the corporate form as follows:

- In a multi-member limited liability company, the approval of the members council is mandatory.
- In a single-member limited liability company, the approval of the company owner is required.
- In a joint stock company, the approval of the general meeting of shareholders is required, as reorganisations typically fall under the fundamental changes that exceed the authority of the board of directors.

Beyond these primary approvals, the board of directors or the management of the reorganising companies must also ensure compliance with internal governance protocols. This includes the formal adoption of the reorganisation plan, which must detail the methods for asset transfer, debt assumption and labour usage plans. Furthermore, companies are required to notify creditors and employees of the approved reorganisation within a statutory time frame. In practice, obtaining internal consent is not merely a procedural step but a substantive requirement to ensure that the reorganisation plan is legally binding and defensible against potential challenges from minority shareholders or dissenting members. Failure to strictly follow the notice and meeting procedures set out in the law on enterprises and the company's charter can result in the internal resolutions being declared void, potentially derailing the entire transaction.

Law stated - 11 May 2026

ASSETS

Shared assets

17 How are shared assets and services used by the target company or business typically treated?

The treatment of shared assets is primarily determined by the relevant corporate approvals and transaction documents, which vary according to the form of reorganisation:

- For division or demerger, the allocation of assets is specified in the division or demerger plan approved by the relevant corporate body.
- For merger or consolidation, the transfer of assets is mandated by the merger or consolidation agreement.
- For conversion of enterprise type, the resulting entity inherits all assets of the predecessor company by operation of law.

Beyond the statutory requirements of the law on enterprises, the actual treatment of shared assets depends heavily on the specific nature of the transaction and the negotiation between the involved parties. Where a reorganisation is not purely for internal restructuring but involves third-party investors, the allocation of assets is a critical point of commercial agreement. Parties must determine which entity retains title to specific assets and which may only receive usage rights through licensing or leasing arrangements.

With respect to shared services, Vietnamese law does not provide specific statutory provisions governing their treatment. In practice, shared services such as IT, accounting, human resources or administrative support are governed by contractual arrangements. Their continuation following a reorganisation depends on the terms of the underlying service agreements and any change-of-control provisions. Parties frequently enter into transitional service agreements to ensure the uninterrupted provision of essential services during a defined transition period. For multinational groups, these arrangements must also be evaluated against transfer pricing regulations to ensure that service fees are charged at an arm's-length basis.

Law stated - 11 May 2026

Transferring assets

18 Are there any restrictions on transferring assets to related companies? If not, are there measures that can be taken to allow such a transfer?

Vietnamese law requires that asset transfers between related parties be approved by the competent corporate bodies prior to execution. The thresholds for approval are as follows:

- joint stock company: approval of the general meeting of shareholders is required if the transaction value exceeds 35% of the company's total asset value, or for specific transactions exceeding 10% involving major shareholders. For transactions below the 35% threshold, approval of the board of directors is generally sufficient.
- multi-member limited liability company: the members' council must approve transactions between the company and its related parties.
- single-member limited liability company: approval must be obtained from the members council or the company chairman, the director or general director, and the controller.

Law stated - 11 May 2026

19 Can assets be transferred for less than their market value?

In principle, parties to a contract have the autonomy to agree on the transfer price of assets. However, where assets are transferred below market value between related parties, the transaction is subject to intense scrutiny by the tax authorities. Under the law on tax administration, the tax authorities have the power to challenge the declared transfer price and reassess tax liabilities based on the prevailing market value if they determine the transaction lacks economic substance or is intended for tax avoidance. Furthermore, directors and managers must ensure that such transfers do not breach their fiduciary duties to act in the best interests of the company, as transferring assets at an undervalue could be construed as a prejudicial act against the company's creditors or minority shareholders.

Law stated - 11 May 2026

FORMALITIES

Date of reorganisation

20 Can a corporate reorganisation be backdated or deemed to have already taken place, for example, from the start of the financial year?

Under Vietnamese law, a corporate reorganisation cannot be backdated or deemed to have already taken place. The reorganisation becomes legally effective only upon the completion of statutory procedures and the issuance of the relevant enterprise registration certificate by the licensing authorities. While parties may agree on a commercial "effective date" for the purpose of price adjustments or profit allocation within their private contracts, such arrangements do not override the statutory date of legal succession. Consequently, it is not possible to deem a reorganisation effective from the start of a financial year if the administrative requirements have not been fulfilled.

Law stated - 11 May 2026

Documentation

21 What documentation is required or advisable in a corporate reorganisation?

Vietnamese law prescribes specific documentation requirements depending on the type of reorganisation. Such documentation can generally be categorised as follows:

- the registration application dossier must include formal application forms, the company charter and supporting corporate documents as required by the licensing authorities;
- corporate approvals and transaction documents typically comprise the approved reorganisation plan, merger agreements or consolidation agreements; and
- the company may issue powers of attorney to engage external counsel to conduct legal procedures on its behalf.

In practice, the competent authorities may request additional documents on a case-by-case basis to verify the financial standing or the legal status of the participating entities. To ensure a smooth process, parties are advised to maintain comprehensive records of their internal deliberations and the valuation of transferred assets.

Law stated - 11 May 2026

Representations, warranties and indemnities

22 Should representations, warranties or indemnities be given by the parties in a corporate reorganisation? If so, which are most common?

Parties typically include representations, warranties, and indemnities in reorganisation agreements to allocate risks and ensure clarity regarding the target's status. Typical representations and warranties include:

- lawful ownership and the absence of encumbrances over assets;
- compliance with applicable laws, particularly regarding licensing and environmental standards, prior to the reorganisation;
- full compliance with anti-corruption and anti-money laundering regulations to ensure no underlying ethical or legal liabilities are inherited; and
- completeness of financial disclosures and the absence of undisclosed liabilities.

Indemnities are commonly used to allocate historical risks, including potential tax liabilities, labour disputes and regulatory breaches arising from pre-reorganisation activities. These provisions are essential for protecting the surviving entity from unforeseen legacy issues.

Law stated - 11 May 2026

Assets versus going concern

23 Does it make any difference whether assets or a business as a going concern are transferred?

Vietnamese law does not provide a specific legal definition for a "business transfer". However, there is a distinct practical difference between transferring isolated assets and transferring a business as a going concern.

- For asset transfer, the transfer of specific, identifiable assets is involved. This requires compliance with individual legal formalities for each asset type, such as registration for land use rights or intellectual property rights.
- For business transfer, the transfer of an entire operational unit, including assets, contracts and employees is involved. In the absence of a standalone statutory definition, parties must structure the transaction through a combination of asset transfer agreements, the assignment of commercial contracts and the entry into new employment arrangements.

A critical consideration in going concern transfers is the potential gap in sector-specific licences. Unlike assets, many operational licences are non-transferable and require the transferee to undergo a new application or amendment process, which can lead to temporary operational disruptions.

Law stated - 11 May 2026

Types of entity

24 Explain the key differences between public, private, government or non-profit entities to consider when undertaking a corporate reorganisation.

The key differences between entities involve the competent regulatory authority, the level of regulatory supervision and the applicable reorganisation requirements:

- public companies are subject to strict supervision by the State Securities Commission and relevant stock exchanges due to their broad economic impact and the need to protect minority shareholders. Their reorganisations require high transparency, specific disclosure obligations and potential deregistration of public status under the law on securities.
- private companies are primarily governed by the law on enterprises, providing these entities with greater flexibility, simpler procedures and higher confidentiality. However, foreign direct investment enterprises face more rigorous oversight regarding investment conditions and capital transfers compared to 100% domestically owned companies.
- state-owned enterprises must undergo reorganisations that are strictly regulated under the law on the management and investment of state capital in enterprises 2025. These transactions must meet specific conditions and require formal approvals from competent state authorities.
- Vietnamese law regulates non-commercial legal entities, such as social enterprises and charitable funds, rather than non-profit entities. Each type follows a distinct framework where social enterprises are managed by licensing authorities, while funds require approval from the Ministry of Home Affairs or the relevant provincial People's Committee.

Law stated - 11 May 2026

Post-reorganisation steps

25 Do any filings or other post-reorganisation steps need to be taken after the corporate reorganisation?

Under Vietnamese law, several filings and post-reorganisation steps must be carried out following the completion of a corporate reorganisation:

- For enterprise registration updates, the company must register changes with the business registration authority to amend or obtain a new enterprise registration, depending on the type of reorganisation.
- For tax registration, if not subject to the one-stop mechanism, the company must carry out tax procedures, including the termination of the tax code for the dissolving entity and the registration or amendment of the tax code for the surviving entity.
- For licences and regulatory approvals, where the company holds sector-specific licences, the reorganisation may trigger an amendment of such licences if the licensed information changes or if required under sector-specific regulations.
- For contractual notifications and consents, the company may need to notify contractual counterparties or obtain consents where required under existing agreements, particularly regarding change-of-control or assignment restrictions.
- For employment-related steps, the company must prepare and implement a labour usage plan in accordance with the labour code 2019. This includes fulfilling

obligations to notify employees and ensuring the continuity of employment contracts or the proper settlement of severance entitlements.

Law stated - 11 May 2026

UPDATE AND TRENDS

Hot topics

26 What are your predictions for next year and how will these impact corporate reorganisations in your jurisdiction (for example, expected trends or pending legislation)?

Corporate reorganisations in Vietnam remain highly active, driven by strategic restructuring and evolving investment patterns under the 2026–2030 development plan (resolution 25/2026/qh16). Key drivers include foreign direct investment rationalisation in manufacturing, logistics and energy, where multinational groups are increasingly using "carve-outs" and subsidiary consolidations to enhance operational efficiency.

The legal landscape is defined by the full implementation of the Law on land 2024 and the Law on Real Estate Business 2023, which impose stricter standards for project transfers and land use rights. Additionally, the Law on Credit Institutions 2024 provides a refined framework for debt restructuring and collateral handling, directly impacting the consolidation of financial entities and distressed assets.

Private equity investors are shifting toward specific operational assets rather than broad acquisitions, necessitating "ring-fenced" structures and business transfers to preserve project-specific incentives. In the domestic sector, founder-led businesses are increasingly adopting joint-stock structures and holding company models to facilitate generational transitions and institutional investment.

Regulatory scrutiny is intensifying, particularly regarding beneficial ownership, anti-money laundering and merger control. The Vietnam Competition Commission is expected to exercise closer oversight of market concentration in digital services and infrastructure. Overall, reorganisations are becoming more complex, serving as essential platforms for governance improvement and investment readiness.

Law stated - 11 May 2026

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