



## Transaction Advisory Services Employment Tax

### Is your company active in mergers and acquisitions (“M&A”)?

#### **Has your company recently experienced a change in control or acquired the assets of another business? Have you considered how employment taxes could be impacted?**

The current corporate climate includes acquisitions, mergers, and reorganizations. As a result of a corporate transaction, employees may be transferred from one legal entity and federal identification number (“FEIN”) to another entity with a different FEIN during the course of a year, even though the employee’s position and perceived employer did not change.

For payroll purposes, such midyear transactions and employee movements often cause employers to restart employee wages, as well as their federal and state taxable wage base computation, in order to begin reporting under the new entity. As a result, the successor employer will be hit with an increase in employment taxes.

Reporting payroll this way is often done to make the transition and separation of accounting and payroll reporting easier between the prior and new employers. For example, it’s common to see third-party payroll providers require such a restart, because it’s easier for them to carry out. However, restarting your payroll reporting may not be required under tax law.

Depending on the facts of the transaction, special statutory provisions can sometimes be used to minimize or recoup federal or state payroll taxes. Upfront planning and consideration should be given to how to alleviate the tax burden resulting from corporate transactions.

Cherry Bekaert’s Employment Tax Team has experience in assisting clients in pre- and post-transaction employment tax planning. They can also help assist companies to obtain payroll tax refunds where applicable for overpaid taxes. If your business has been impacted by a merger, acquisition, or reorganization and you need help evaluating the impact of the transaction on your federal and state employment tax liability, please give us a call to start the conversation.

*Let us be your guide forward*



**Anne Yancey, CPA**  
Director  
ayancey@cbh.com  
404.733.3329  
[cbh.com](http://cbh.com)