

M&A Due Diligence

Jurisdiction: United States
Tax Type: SALT
Issue: Mergers and Acquisitions
Date: April 24, 2026

SYNOPSIS:

It is no secret that too much SALT can be bad for your health, but nothing will cause a business owner more agita than a surprise SALT issue that upends a deal or causes a material reduction in the valuation. Proactive SALT due diligence not only helps identify and quantify potential exposures early, but also positions sellers to maintain control of the narrative and avoid last-minute surprises during the transaction process. Taking a disciplined approach upfront can ultimately preserve deal value, streamline negotiations, and reduce the risk of post-closing liabilities for all parties involved.

Key Considerations:

- **Sales and Use Tax** – companies need to evaluate whether they have nexus with a state and that the correct sales tax has been collected, reported, and remitted across all applicable jurisdictions.
- **Income / Franchise Tax** – assess whether income or franchise tax filing obligations have been triggered in each jurisdiction and evaluate the adequacy of apportionment methodologies and positions taken.
- **Payroll / Employment Tax** – confirm proper withholding, unemployment insurance, and employer registrations in states where employees, including remote workers, are located.
- **Property Tax** - review real and personal property tax filings, valuations, and credit and incentive opportunities.
- **Unclaimed Property** - assess historical compliance with state escheatment requirements for items like customer credits, refunds, and uncashed checks.

INSIGHT:

Thoughtful SALT diligence allows companies to identify risks early, quantify potential exposure, and address issues before they become dealbreakers in a transaction. Taking a proactive approach not only streamlines the deal process but also strengthens a company's overall tax position. In situations where historical gaps are uncovered, there are structured paths available, such as voluntary disclosures, to remediate exposures and bring the business into compliance in a way that enhances value, ensures a successful transaction, and optimizes future profitability.

CONTACT:

Matthew Bower, Managing Principal

O: 215.436.9544

E: matthewbower@simekscott.com

SimekScott LLC
1412 Broadway | 21st Floor
New York, NY 10018

SimekScott LLC
211 W Wacker Dr. | Ste 300
Chicago, IL 60606

SimekScott LLC
100 Pine St. | Ste 1250
San Francisco, CA 94111

SimekScott LLC
1700 Market St. | Ste 1005
Philadelphia, PA 19103