Issue: **Tax Residence**

Background:
A private equity fund were buying a portfolio of student accommodation located in various cities across the UK. Both the vendor due diligence and buy side tax analysis flagged a concern over residence risk with a quantum in excess of £50m.

Issue:
The buyer was concerned that due to the major shareholder and executive director of the target business having dialled in to board meetings from multiple countries over a 5 year period, that the Jersey target was in fact dual resident in one or more countries.

Solution:
An insurance policy was issued in the name of the target with the buyer as a beneficiary for a limit of £50 million which could be applied in the event a tax authority in 5 countries raised a challenge. Insurance on this point provided certainty for the buyer and removed a contentious deal issue from the table. In taking the insurance the buyer also obtained protection against any seller fraud/non-disclosure in relation to the residency of the company.