



# FAQ

## WHAT IS A STOCK SALE?

A stock sale is a type of deal structure in Mergers and Acquisitions (M&A) in which the buyer purchases the stock of the target company from its shareholders. In a stock sale, the buyer acquires the entire ownership interest of the target company, including all of its assets and liabilities.

In a stock sale, the buyer typically pays a negotiated price per share of the target company's stock to the shareholders. The shareholders then receive the proceeds of the sale in exchange for transferring their ownership interest in the target company to the buyer.

A stock sale can offer several advantages over other forms of deal structures, including:

1. **Simplicity:** Stock sales can be simpler to execute than asset sales, as they do not require the transfer of individual assets or liabilities.
2. **Continuity:** Stock sales allow the buyer to continue operating the target company as a going concern, without the need to transfer contracts or licenses.
3. **Potential Tax Benefits:** Stock sales can offer potential tax benefits to the seller, as they may be able to take advantage of lower capital gains rates and offset any gains or losses against other tax liabilities.

However, stock sales can also have certain disadvantages, such as the potential for the buyer to assume unknown or contingent liabilities associated with the target company, and the limited ability of the buyer to select the specific assets they wish to acquire.

As with any M&A transaction, it is important for both the buyer and seller to carefully consider the advantages and disadvantages of different deal structures before proceeding with the transaction.

## WHAT WE DO?

### BUSINESS VALUATION




What's my business worth today is a must have for every business owner. Check out our **Free** Valuation Tool that gives you an estimated value of your business.

### BUSINESS BROKERAGE/M&A

Selling a business is a complex task. Magnus Business Group will guide you through the entire process until it is sold for the best price possible.

### EXIT PLANNING AND PREPARATION

Planning the sale or other transfer of a business shall be planned carefully with the right goal in mind. We guide and coach business owners to achieve their goals.

 [info@magnusbusinessgroup.com](mailto:info@magnusbusinessgroup.com)  
 805-259-4795  
 30631 Agoura Rd. Suite 225  
Westlake Village, CA 91361