

# FAQ



## WHAT IS A STOCK SALE?

In Mergers & Acquisitions (M&A), a **stock sale** is a deal structure where the buyer purchases the shares of the target company directly from its shareholders. By doing so, the buyer acquires the entire ownership interest—which means all assets, contracts, and liabilities come with the company.

In a stock sale, shareholders receive payment (a negotiated price per share) in exchange for transferring their ownership to the buyer.

### Advantages of a Stock Sale

- **Simplicity** – Unlike an asset sale, there's no need to transfer individual assets or contracts; the company continues operating as is.
- **Continuity** – Licenses, agreements, and relationships remain intact, making for a smoother transition.
- **Tax Benefits** – Sellers may enjoy favorable capital gains treatment and potential offsets against other liabilities.

### Disadvantages of a Stock Sale

- The buyer assumes **all liabilities**, including those that may be hidden or contingent.
- Buyers have **less flexibility** to pick and choose specific assets they want.

**Bottom line:** A stock sale can streamline the transfer of ownership and offer tax benefits to sellers, but it also comes with risks that buyers need to evaluate carefully. Both parties should weigh the pros and cons of this structure before moving forward.

## WHAT WE DO

### BUSINESS VALUATION

**What's your business worth today?**  
Find out with an instant estimate.



### BUSINESS BROKERAGE/M&A

**From planning to closing,** Magnus Business Group helps you sell your business smoothly—and for maximum value.

### EXIT PLANNING AND PREPARATION

Whether selling or transferring your business, **careful planning is key.** We help you clarify your goals and reach them.



[info@magnusbusinessgroup.com](mailto:info@magnusbusinessgroup.com)



805-259-4795



30961 Agoura Rd. Suite 225  
Westlake Village, CA 91361