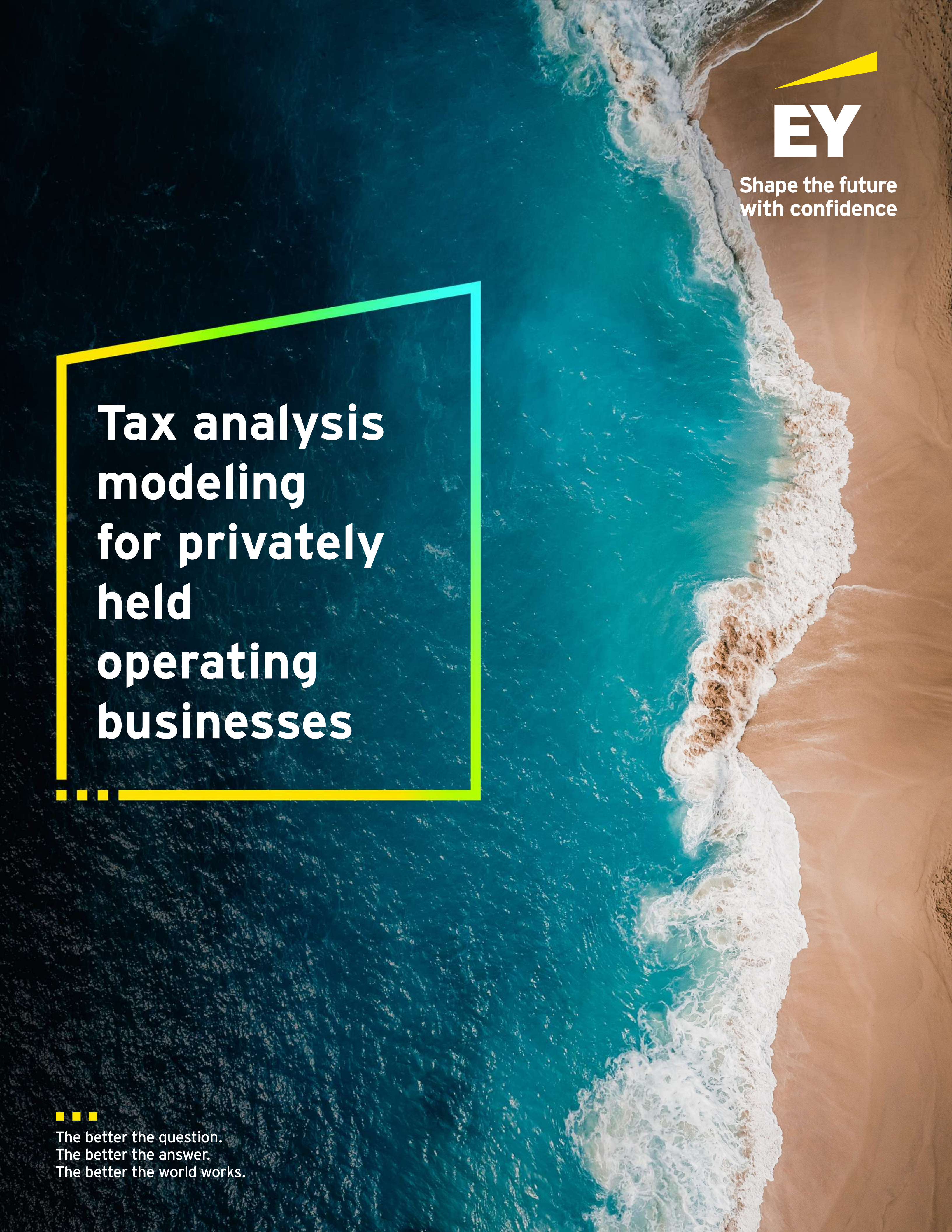


EY

Shape the future
with confidence

Tax analysis modeling for privately held operating businesses

The better the question.
The better the answer.
The better the world works.

What is the EY difference?

Clear and focused deliverables and communication

Our modeling is not a one-time exercise but a foundational framework.

- We support ongoing professional tax analysis as laws change, businesses evolve, and ownership or capital priorities shift.
- We leverage our capabilities and extensive experience in detailed tax modeling and analysis.
- We distill down a clear and concise deliverable providing tax implications (and potential tax savings).

Tax analysis modeling overview

Why is this important?

The choice of entity tax modeling can potentially lead to additional opportunities for evaluation.

Who can benefit?

This offering is designed for privately held operating businesses – typically family-owned or owner-operated – that have not previously undertaken a comprehensive review of their global tax profile. These organizations are often focused on day-to-day operations and growth, which can result in limited attention to the tax planning considerations that may exist across their enterprise.

How can we support you?

Our tax analysis modeling services for private entities provide multi-year cash tax modeling that helps stakeholders evaluate practical trade-offs across entity choice, timing, distributions, capital structure, and future liquidity or exit considerations.

These services include reviewing your existing tax considerations to assess whether the choice of entity and org chart are appropriate in the context of your business goals, operations and tax profile.

Our phased approach

The EY phased, thorough approach is designed to support organizations in thoughtfully evaluating and understanding their entity's ownership, governance, operations and tax profile – resulting in initial observations and recommended areas of focus.

These insights inform a tailored design phase, where potential tax models and alternative structures are developed and evaluated. We then support implementation by coordinating with the entity and its advisors to finalize the next steps, execute agreed-upon actions and provide clear conclusions.

Ongoing connectivity and maintenance supports future alignment over time through defined timelines, analyzing processes and compliance support, allowing the approach to adapt as business needs and circumstances evolve.

Example of the EY process:

End-to-end phased approach from identifies tax areas of focus – from design through execution

Phase 1 Assessment

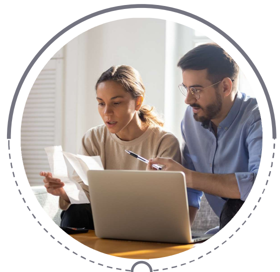
- Collect, review and analyze documents.
- Understand ownership and operating agreements.
- Understand business profiles and governance documents.
- Understand income tax profiles.
- Meet to present the following:
  - Initial tax observation
  - Recommend tax workstreams
  - Recommended tax models

Phase 2 Design

- Tax workstreams are TBD based on Phase 1.
- For example:
  - Dynamically update models to reflect legislative change (e.g., H.R.1), ownership considerations and timing sensitivities.
  - Pressure test alternatives and scenarios, including distribution expectations, debt constraints, and exit or recap timing.

Phase 3 Implementation

- Coordinate with entity and other advisors for execution.
  - Meet to determine agreed-upon steps and action plans.
- Develop conclusions and deliverables.
- Arrange execution meeting and conclusion (conclusion memo).



Phase 4 Maintenance

- Create timelines, process and due date system for key milestones.
- Create a timeline for regular touchpoints with entity to monitor and check on the new legal entity and operating structure, if applicable.
- Create a system and checklist of life and business events for the entity to understand when updates are required.

Success story

When a second-generation, family-owned manufacturing business first came to us, they were at a crossroads. They had grown steadily for decades, expanding into new markets — including several outside the US — but had outgrown their local tax advisor due to complexity. **The family sensed they were leaving value on the table but were uncertain as to where or how.**

We stepped in with a fresh lens and more experienced view. In the first phase of our work, we immersed ourselves in the company's capital priorities, shareholder dynamics and long-term vision. As we built out a detailed model of their tax posture, one insight rose above the rest: their long-standing S corporation structure no longer captured the composition or forward-focus of the company. In fact, transitioning to a C corporation could unlock **material cash tax savings over the next six years — nearly half of their total distributable cash targets for that period.**

Our recommendation became a pivotal moment for the company. The C-suite and board now had a clear, data-driven path to accelerate growth, strengthen liquidity and modernize their governance for the future. The entity conversion marked the beginning of a broader, more sustainable transformation.

And the momentum didn't stop there. With the foundational modeling in place, we quickly uncovered a series of additional tax considerations across the business. Over six to 12 months, based on business facts and circumstances, the company realized a pipeline of tax efficiencies spanning federal, state and international considerations, all implemented alongside the entity conversion.

Today, we serve as the family's **trusted global tax advisor.** From state and local tax planning to international tax matters across jurisdictions, we work hand-in-hand with their leadership to continually modernize, refine and align their tax approach.

Bottom line: What began as a single modeling exercise evolved into a comprehensive, enterprise-wide tax approach — supporting the business for its next generation of growth.

Contact EY Private Tax

EY Private Tax supports private companies, family enterprises and their owners by addressing complex business and personal tax matters in a coordinated, practical way. Our professionals help you stay current with evolving tax regulations, understand your tax position and meet compliance requirements by combining deep technical knowledge with technology-enabled insights.

Learn more about how EY Private Tax can support your goals at ey.com/en_us/services/tax/private-client-services.

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