

## Sam Lichtman in Bloomberg BNA Daily Tax Report: Pfizer's Inversion Plan Could Be Stymied by Treasury Rules

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Pfizer Inc.'s attempt to undertake the biggest inversion in U.S. history—a \$160 billion combination with Allergan Plc—could be dismantled by Treasury Department rules that make the merger math more difficult for companies.

The rules released April 4 could affect the Pfizer-Allergan planned transaction more than other ongoing deals, such as Johnson Controls Inc.'s plan to combine with Tyco International Plc or Waste Connections Inc.'s plan to invert with Ontario-based Progressive Waste Solutions Ltd., because the rules exempt U.S. assets acquired by a foreign company or a recent inverter within the last three years from counting toward that offshore entity's size (see related story in this issue).

Because Allergan moved from California to Ireland last year, it will run afoul of that rule and will cause Pfizer to pay more tax to access overseas earnings post-merger. Robert Willens, a tax consultant in New York, said in an April 5 note to clients that the rule is a “thinly veiled attempt” to thwart the Pfizer-Allergan deal, which was initially planned to close in the second half of this year ...

“Challenging the Treasury Department and saying something is not legally allowed is not something many large corporations want to do,” [Sam Lichtman](#), tax partner at Haynes Boone LLP, told Bloomberg BNA. “An inversion itself poses some reputation risk, by taking earnings outside the U.S.”

Corporations are more likely to question the validity of the regulations if the government is challenging an already completed deal, Lichtman said. It would be unusual for Pfizer, or any other company, to debate the legality of the rules for a deal that has yet to be finished.

***Excerpted from Bloomberg BNA Daily Tax Report. To read the full article, [please click here](#) (subscription required).***