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Four questions for your CPA before the LOI

Asking early is often worth more than the last few percent of price.

1. ASSET SALE OR STOCK SALE?

A buyer of a business this size often prefers to buy the assets; a seller often prefers to sell the company itself. The difference in what you keep can be large, and it's negotiated, not fixed.

2. HOW IS THE PRICE ALLOCATED?

Equipment, goodwill, a non-compete, the building if it's included — each is taxed differently. The allocation is a line in the agreement, and it matters.

3. IS ANY OF IT DEFERRED?

A seller note is taxed as you're paid. A retained stake, structured properly, can defer tax on the part you keep — that's what "rollover" means. What's deferred, and on what terms, is a CPA question before it's a negotiation.

4. WHAT ENTITY ARE YOU, AND DOES IT MATTER?

C-corporation, S-corporation, LLC, partnership — the answers to the first three questions change with the fourth.

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