

Cross-border acquisitions tend to look glamorous from a distance. A new market, a bigger footprint, a chance to diversify earnings and currency exposure. Up close, they feel more like a series of disciplined sprints punctuated by bureaucratic marathons. The distance between a polished teaser deck and the day you control a foreign subsidiary is full of tax elections, data gaps, cultural nuances, and regulatory gates you did not know existed. That is not a reason to shy away. It is a reason to prepare like a professional and run a process that respects both the opportunity and the risks.

I have sat on both sides, as a buyer carving into Europe from the United States and as an adviser helping founders in Latin America exit to Asian strategics. The deals that work share a few traits: sober valuations, early tax structuring, an honest view of integration capacity, and an almost boring obsession with paperwork. The deals that struggle often stumble in the same places, usually in areas that feel peripheral until they start burning cash: working capital mechanics, foreign employer obligations, or mismatched customer contracts that die on assignment.

What follows is not a cookie-cutter checklist, and it is certainly not exhaustive across 190-plus countries. It is a field guide to the core issues you will wrestle with if you are serious about buying a business abroad, with guardrails drawn from lived experience and a few scar stories.

Why cross-border appeals in the first place

Strategic logic matters because it will be tested, repeatedly. Currency volatility will test it. Legal costs will test it. Your board will test it when timelines slip from 90 days to 180. A clear narrative helps you make the hundreds of small calls that shape the outcome.

Common rationales include access to customers you cannot reach from home, a faster route to talent or IP, and a hedge against domestic cycles. A mid-market software firm in Texas wanted to stop losing European deals to compliance concerns, so it acquired a Dutch competitor with ISO certifications and a small, loyal base. The purchase price looked rich at seven times recurring revenue, but the deal unlocked enterprise RFPs the Texan firm had chased for years. On the flip side, I watched a consumer brand chase “cheap manufacturing” in Southeast Asia and forget that freight, duties, rework, and quality slippage were not cheap at all. Net landed costs erased two thirds of the promised savings within six months.

If you cannot articulate, in one paragraph, why owning this business in that market makes you better within 12 to 24 months, pause. Expansion for its own sake, or because a competitor planted a flag on a map, rarely holds up once diligence turns real.

Prep before you touch a term sheet

The most expensive missteps are baked in early. Before you trade a single markup on a letter of intent, run the basics.

Run tax modeling upstream and downstream. Simple structures rarely survive first contact with withholding taxes, controlled foreign corporation rules, and local capital gains regimes. A buyer that assumed dividends would flow cleanly out of Germany learned about the 26.375 percent withholding just in time to shift to a debt-pushdown and a holding company in a treaty-friendly jurisdiction. That saved roughly 300 basis points of leakage annually. The corollary is not to over-engineer. I have seen small acquirers burn six figures on Caymans-HoldCo-on-Top contortions when a straightforward EU entity would have worked fine.

Map the regulatory perimeter. If you are dealing with critical tech, healthcare, defense adjacency, payments, or data-heavy consumer apps, do not assume the transaction is purely private. Foreign direct investment screening has tightened in the United States, across the EU, the UK, Canada, Australia, India, and beyond. Screening thresholds can be deceptively low or triggered by sensitive sectors rather than size. Product, data, and end-customer profiles matter more than your revenue line. A 25 million dollar target can still require a filing if it touches critical infrastructure or aggregated geolocation data.

Decide what you are actually buying. Assets or shares is not just a line in a template. Asset deals can sidestep unknown liabilities, but they can also reset customer contracts, labor terms, and permits. In France, trying to asset-purchase a services business led to a six-month detour when dozens of clients insisted on novation and a handful used the moment to renegotiate pricing. In Brazil, an asset deal saved the buyer from a legacy tax dispute, but labor successor liability still followed. If continuity is paramount and consents are scarce, a share deal with indemnity protection might be safer, even if you inherit a messy cap table.

Estimate your integration bandwidth with brutal honesty. Buying abroad adds overhead to your normal merger work. You will set up payroll in a new country, reconcile GAAP differences, harmonize data privacy controls, and support a management team

operating in a different time zone and language. If your core business is already in a heavy product cycle or a hiring crunch, your best operators may be too thinly spread to absorb a cross-border integration on schedule.

Building the local picture: what diligence really asks

Data rooms abroad often start thin. Accounting standards differ. Vendor invoices may be paper. Statutory accounts are prepared for tax, not for investors. Expect to spend more time on basic reconstruction than at home.

Financial quality, country by country. Minimum wage indexing, social charges, and 13th-month pay can shift EBITDA in ways that do not show up in management accounts. In Mexico, profit-sharing (PTU) will punch a hole in your model if you ignore it. In Italy and Spain, accrued vacation and statutory severance pool into liabilities that do not look large until you adjust to IFRS and roll forward. Afford yourself a full bridge from statutory to management numbers, then to your reporting basis. If the seller resists, that is the flag.

Tax and compliance posture. Look beyond effective rates. Are VAT returns reconciled to revenue by channel? Has the target ever faced a payroll audit? Are transfer pricing files current, especially if the business trades with a related party abroad? In one deal, the target's intercompany royalty sat at 10 percent of revenue without a local file to support it. A post-close audit recharacterized it as a disguised dividend. The buyer inherited a multi-year assessment that wiped out the first year's synergy budget.

Labor reality, not just headcount. Ask how employees are classified and on what paper. Misclassification is common in tech and creative industries where "contractors" work like employees. In Poland and Portugal we found dozens of people billed through personal companies, a practice tolerated until a change in enforcement posture made it toxic. Converting them to employment agreements added payroll taxes and, more importantly, re-leveled compensation bands that had drifted under the radar.

Customer contracts and assignment rights. Cross-border assignments can trigger even if the domestic version would not. Look for governing law, assignment consent, change of control clauses, data transfer restrictions, and termination for convenience notice periods. If your top five customers each require consent, factor that into closing mechanics, or you risk owning a shell for 90 days while revenue sits on a knife edge.

Regulatory permits and authorizations. Professional services have local licensing quirks. Healthcare and payments have more than quirks. One US buyer of an e-money institution in Eastern Europe discovered late that the regulator expected key persons to reside locally. The fix was not legal drafting, it was a board and management shuffle with relocation. That added cost and slowed everything for months.

The Dealmaker's Academy
42 Lytton Rd
New Barnet
Barnet
EN5 5BY
United Kingdom

Data privacy and security. GDPR and sectoral laws in other regions carry fines that will ruin your month. Map data flows early. If the target pushes personal data back to your home country, you need a lawful transfer mechanism. DPA templates stashed in your US contracts will not save you if your processing or sub-processor list is stale or if the target has not completed a transfer impact assessment.

Anti-bribery and sanctions. The threshold is low. Small recurring hospitality spending may be normal locally, yet still breach your policy or a statute if it involves government-related clients. If the target sells to state-owned enterprises or bids in tenders, sample the files and interview the sales team. In one African market, a distributor’s “facilitation” expectations were so ingrained the buyer walked. The target was otherwise attractive, but culture eats compliance for breakfast.

Valuation that travels

Valuing a foreign target looks deceptively similar to home turf. Multiples, DCFs, comps. The trap is errors of translation, literally and figuratively.

Normalize for accounting standards and local cost structure. IFRS and US GAAP diverge in revenue recognition, lease treatment, development capitalization, and provisions. If the target capitalizes development aggressively, EBITDA will look inflated until you reset amortization and reclassify spend to operating expense in your model. In a Nordic software deal, a 20 percent “margin” collapsed to 8 percent on a like-for-like basis after capitalized R&D and cloud hosting were corrected.

Price in the country risk you are actually bearing, not a headline. A weighted average cost of capital plucked from a spreadsheet that adds a flat country premium does not cut it. Look at how you will earn and move cash. If your plan relies on moving profits via royalties or interest, test the thin-cap rules and treaty positions, then adjust the model to reflect realistic leakage. If you will reinvest locally for three years, the country risk in your discount rate should reflect operational volatility more than repatriation friction.

Beware synergy math without friction. Revenue synergy across borders often takes longer. Localization, sales cycles, and procurement approval for a vendor change can push synergy by two to four quarters. Cost synergies can materialize faster if you consolidate hosting, finance, or vendor contracts, but severance, notice periods, and works council consultations can delay those savings. Use windows, not points, in your model. A synergy slated for month six that might land in month 12 should wear a haircut.

Earn-outs and rollover equity are powerful when trust is thin and information asymmetric. They are also litigation bait if drafted loosely. Pick metrics that the seller’s team can influence without relying on cross-selling they do not control. In a Japanese manufacturing carve-out, the earn-out linked to contribution margin under local control worked. In a French ad-tech business where the earn-out keyed off global revenue, it did not. The team could not fix your salesforce’s cross-sell rhythm and resented the target they could not reach.

Structuring across borders without recreating the wheel

The “right” structure depends on tax, liability, regulatory approvals, and how you intend to run the asset.

HoldCo placement and treaty paths. Many acquirers anchor foreign assets under a regional holding company that sits in a treaty-friendly jurisdiction with substance. Substance matters now. Board presence, employees, and decision-making must be real to secure treaty benefits. Substance theater, like a single director who signs minutes in bulk from a mailbox, invites challenges. Substance costs money, so scale your structure to the asset’s size and your pipeline.

Debt placement. Loading acquisition debt at the level where cash flows are earned can be efficient. Thin-cap limits and interest deduction rules will constrain you. Germany’s interest barrier rules and their cousins across the EU demand modeling. Some markets allow group relief or notional interest deductions that change the calculus. A hybrid, with modest local leverage and holding-level financing, usually survives audits and covenants better than an all-in local pushdown.

Share vs. asset purchase revisited. An asset deal can mitigate legacy risks in jurisdictions with unpredictable enforcement or opaque liabilities, but you still need to handle VAT or transfer taxes, employee transfers, and contract novations. A share deal

streamlines continuity. Balance that against unrecorded liabilities, back taxes, and litigation. If you cannot diligence the historical payroll or VAT with confidence, structure for protection: escrow, specific indemnities, RWI where available, and a purchase price adjustment that captures working capital and tax exposures.

Use of earn-outs and seller paper. In countries with high seller capital gains tax or limited buyer capital, seller financing can bridge valuation gaps. Local norms vary. In some markets, a one to three year note at modest interest is common. In others, sellers view paper as a sign you cannot close. Be transparent about the rationale and secure it with clear security interests where enforceable. Make sure currency in the note matches the seller's economic reality, or you will inherit a currency fight when FX moves 8 percent.



Regulatory approvals and the clock

The calendar kills deals more often than price does. Align your term sheet timelines with regulatory reality and use long-stop dates that match the slowest gate.

Merger control. Filing thresholds depend on either revenues or market share and can aggregate across the buyer and target. If either party sells in multiple countries, you may need several parallel filings. A mid-sized tech acquisition once needed clearances in six jurisdictions because of legacy sales through partners. None were contentious, all were time-consuming. Pre-filing consultations cut questions later and can shave weeks off.

Foreign direct investment regimes. Security and public interest reviews expand the scope. Be candid and over-disclose sensitive points. Downplaying defense adjacency or large-scale data processing risks a stop-clock request for information that sets you back a month. If your buyer group includes investors from countries under enhanced scrutiny, plan for longer review.

Sector licenses. Financial services, telecom, energy, and healthcare require both change-of-control approvals and, often, fitness and probity assessments for senior managers or controllers. Prepare qualified individual resumes, references, and background checks early. If a regulator needs local responsible officers, recruit before you sign, not after. The market is small and talent will not sit around waiting for your close.

Employee representative bodies. Works councils and unions have a voice in many EU jurisdictions. They do not control approvals, but they can delay and shape integration. Present honest plans. A glossy deck that promises growth then triggers layoffs breeds mistrust and can send you into consultation loops. If you plan to consolidate back office functions, quantify and sequence the changes. The law in several countries treats failure to consult properly as a procedural fault that can draw fines or invalidate parts of your plan.

Currencies, cash, and the pain of moving money

Foreign exchange and cash mobility turn tidy models into messy realities.

Choose your functional currencies with care. Accounting standards ask you to pick the currency that reflects the underlying operations. Do not force your home currency onto a subsidiary whose costs and revenue live elsewhere just to “simplify” reporting. Mismatches will add translation noise and can mask performance. Hedge where exposure is real and [follow this link](#) material, using simple instruments if the team is not built for sophistication. Natural hedges, such as aligning revenue and costs in the same currency, are cheaper than derivatives and less likely to be mismanaged.

Repatriation paths. Dividends, royalties, management fees, and intercompany interest each have tax and regulatory treatment. Design the pricing and documentation before close and file the intercompany agreements promptly. In some markets you need central bank registration to move funds freely. Missing that window can trap cash for months. In one African buy, the team discovered post-close that dividend remittances required a tax clearance certificate that took eight weeks to obtain. Working capital bled while the paperwork crawled.

Banking. Opening accounts in some countries can take weeks and requires directors to appear in person. Plan for interim liquidity. In jurisdictions with capital controls, stress test scenarios where cash gets stuck. If your thesis relies on upstreaming cash quarterly, ask whether that is operationally possible under current rules and under plausible stress.

People, culture, and the invisible integration plan

The first 90 days post-close set the tone for years. Most integration plans underweight culture and communications because they are squishy compared to systems cutovers and legal entity charts. Cross-border deals magnify cultural slippage.

Leadership continuity. Decide who stays, on what terms, and for how long. A founder who wants out is not a villain, they just do not fit your plan. Be clear about earn-outs and autonomy. Pay attention to titles. A “GM” in one country is not the same in another. Upsize the role or pair the local lead with a regional operator who can coach without smothering.

Comp and benefits harmonization. Moving people onto your plans without cratering morale requires math and empathy. Statutory benefits often set a floor. You can improve, but do not strip local perks lightly. A US buyer that trimmed a modest car allowance in Germany lost two senior engineers who viewed the change as disrespectful. The savings were trivial. The replacement cost was not.

Communication cadence. English-language decks do not make meaning. Translate critical messages and legal documents. Hold town halls at times that work locally, not at your HQ’s convenience. Invite questions. You do not need all the answers, you need to show up with clarity on what will change and what will not, and then follow through.

Decision rights. Many cross-border failures are governance failures. Who sets pricing? Who approves discounts? Who hires? The target’s team has routines that work. Respect them where they are sound, and be explicit about the few areas where global consistency trumps local practice. Document it. Verbal understandings melt under pressure.

Legal documentation with local teeth

Heavy US-style SPA language does not necessarily translate to enforceable protection abroad. Tailor protections to local law and market practice.

Representations and warranties insurance. RWI is common in North America and the UK, increasingly available in parts of Europe, Australia, and developed Asia. In other markets it is rare or expensive. Where it is available, insurers still expect clean diligence, specific disclosures, and exclusions for known issues. Do not rely on insurance to fix a diligence gap.

Indemnities and escrows. Specific indemnities for identified tax, labor, or litigation exposures can bridge the enforcement gap. Size your escrow and covenant survival periods to the risk, not a generic template. If the seller is a dispersed shareholder base, push for a centralized escrow with a competent agent rather than chasing dozens of individuals later.

Governing law and dispute resolution. You may prefer New York or English law, but if all assets and parties sit abroad, think through enforceability. Arbitration can help where courts are slow or unpredictable, but local injunctions may still be needed. Balance home-court comfort with pragmatic enforceability.

Transitional service agreements. If you are buying a carve-out, TSAs are your lifeline. They define how the seller will keep providing systems, payroll, accounting, and IT for a period. Price them fairly. Underprice and you will get what you pay for: slow

responses and half-measures. Over-rely and you will delay building your own spine. Put a named lead on the TSA with authority to escalate. Track exit milestones the way you track revenue.

Operations: the mapping nobody sees on investor slides

Under the legal noise sits the work that makes or breaks your first year.

Accounting and reporting. Close your first month on time. That sounds trivial until you remember the target closed quarterly on a cash basis and emailed spreadsheets to an external accountant. You will need a chart of accounts harmonized to your reporting, local payroll files reconciled to HR, and VAT returns aligned to revenue recognition. Do not underestimate the lift. Resourcing a strong controller-type early beats parachuting a consultant later when numbers slip.

IT and security. Assume credentials are shared, devices are personal, and data is where it should not be. Run a lightweight security audit in diligence. Post-close, roll out SSO and MFA, segment sensitive systems, and start a program to migrate to your standards. If the business handles customer data across borders, integrate privacy engineering, not just legal checklists.

Commercial integration. If cross-sell is part of the thesis, draft a plan at the account level. Name the top twenty accounts where the overlap is richest. Assign joint owners. Map the buying centers. Localization is not translation only. Packaging, payment methods, SLAs, and customer support hours all matter. In Asia-Pacific, the US-standard 9 to 5 support window looks like a shrug.

Supply chain and logistics. If you are buying a product business, audit incoterms, forwarder contracts, and port capacity. A European buyer of a Latin American food brand kept the packaging and lost shelf space because European retailers' shelf depth and planograms were different. Tiny details, like barcode placement and pallet height, mattered more than their brand story.

Governance that scales beyond the deal team

Once the press release fades, governance is what remains. Set it up early.

Board and oversight. If the local entity is material, seat a small board that meets quarterly. Include one leader who owns P&L integration and one who can navigate local culture. Skipping formal governance is tempting when the business is small. Do it anyway. It creates a venue to surface issues before they turn into surprises.

KPIs and dashboards. Align metrics to the value thesis. If your bet is on regional expansion, do not flood the team with twenty corporate metrics. Pick the six that matter: net revenue retention, new logo velocity in the new market, gross margin post-localization, cash conversion, on-time close, and TSA exit milestones. Publish them. Transparency beats surprise.

Ethics and hotline. Extend your code of conduct and hotline to the new team. Translate it. Explain why it exists, not just what it forbids. In markets where whistleblowing carries social risk, anonymity and confidentiality are not window dressing, they are necessary.

Where Business Acquisition Training helps and where it does not

No amount of Business Acquisition Training will conjure an approval letter from a regulator or make a customer waive consent. Training does, however, build the muscle memory that keeps your team from skipping steps. Deal simulations that include a live data privacy issue, a sudden loss of a key manager, or a currency swing do more than slide decks. Role-play works council consultations. Practice a TSA negotiation. Run a working capital peg discussion with messy data. Rehearsal matters because, in the moment, people revert to habit.

If you are new to Buying a Business abroad, augment training with targeted advisors who speak the local language and have lived the specific sector. The most productive outside counsel I have used were humble translators of local norms, not just technicians. They saved weeks by warning us about soft red lines that do not appear in statutes.

Edge cases you should expect to meet

- Founder reinvestment when currency is shaky. In a high-inflation environment, founders often prefer rollover equity in a hard-currency parent. That can align incentives, but you will need to handle valuation mechanics and tax on both sides. Lock the FX reference and build guardrails for future rounds.
- Sanctions drift. If the target sells in regions prone to sanctions updates, assume you will need a sanctions screening tool and a disciplined KYC process. Manual checks fail under volume and pressure.
- Data residency and AI models. If the target trains models on customer data, establish where the training occurs and what consents exist. Model weights may be considered personal data in some interpretations. The issue is evolving, but risk sits with you post-close.
- Government procurement. If the target sells to governments, check debarment lists and the fine print on assignment and novation. Some contracts terminate automatically on change of control, even if everyone wants to keep working together.

A workable path from interest to Day 100

Treat the timeline as a living document, not a fantasy chart pinned to a wall. In many deals, this sequence creates momentum without painting you into a corner.

- Weeks 0 to 3: Thesis crisping and pre-LOI checks. Quietly sound out regulatory fit. Tax preliminaries. Sanity-check integration bandwidth.
- Weeks 4 to 8: LOI and confirmatory diligence sprints. Lock the accounting and tax workstreams, customer consent mapping, and data privacy scoping. Launch merger control pre-filing chats if needed.
- Weeks 9 to 16: Documentation and filings. SPA and local documents, RWI underwriting where available, FDI filings, merger notifications. Stand up NewCo and bank accounts. TSA scope defined and priced.
- Weeks 17 to 24: Approvals and Day 1 readiness. Appoint directors, finalize employment offers for key managers, prepare communications, freeze integration plans for the first 30 days. Hedge near-term FX exposures for closing funds.
- Day 1 to Day 30: Stabilize. Payroll runs, systems access cutovers, first local board meeting, customer reassurance calls, TSA services humming.
- Day 31 to Day 100: Integrate the few things that unlock value fastest. Migrate reporting. Kick off top-account cross-sell pilots. Launch privacy and security upgrades. Track KPIs and resolve early surprises in the open.

Notice the gaps. They are not idle time, they are buffers for the inevitable surprises: a regulator's additional questions, a customer's contract snag, or a key employee who resigns at signing and needs replacing fast.

Judgment calls you will have to make

Perfect information never arrives. You will make calls with partial facts.

When to walk. If trust with the seller fractures, if the regulatory path becomes politicized, or if a non-trivial share of revenue depends on a single contract that will not consent, the right answer may be to step back. Sunk costs hurt less than post-close regret.

How much to localize. Your brand and processes got you this far. Apply them with sensitivity. In consumer businesses, local taste is not just flavor, it is packaging, payment habit, and timing. In B2B, localization often means certifications and SLAs more than language. Spend money where it moves the needle and avoid vanity projects.

What risks to price vs. insure vs. accept. Some risks are cheap to price and expensive to insure, like minor tax exposures. Others cannot be insured at all, like cultural misfit. Build a risk register. Assign owners. Decide explicitly which boxes you will keep open and which you will close before signing.

Final thoughts from the trenches

Winning a cross-border acquisition is less about heroic negotiations and more about stamina, sequencing, and respect for how other countries do business. The boring parts compound. A properly priced TSA saves missed payrolls. A thoughtful earn-out keeps a founder engaged instead of looking for the exit. A month of early tax work keeps three points of EBITDA from leaking into the ether. If you invest in those basics and keep your eyes on the specific value you set out to capture, buying abroad stops being a roll of the dice and starts looking like an extension of your operating playbook.

The markets will keep opening and closing, currencies will swing, and regulators will tighten and loosen their grip. Through all of that, companies that prepare well and execute with humility will keep finding opportunities worth the paperwork.