Enforcement Standard 44-0-2 Taxation system for each merger party A comparison of the tax systems for each merger party during a merger is as follows. Merger price Merged corporation Merging corporation • Corporate tax on capital gains and losses [Transfer value received from the merged corporation - book value of net assets of the merged corporation] \* When the qualifying merger requirements are met, the transfer price is considered book value. Asset · Debt succession [In the case of a non-qualified merger] • Accounting for merger and purchase gain and loss and amortization [Market price of net assets of the merged corporation - Transfer price paid to the merged corporation] ⓐ Transfer price < Net asset market price: Accounted as merger purchase gain and included in equal profits for 5 years ⓑ Transfer price > Net asset market price: Accounted as merger purchase loss and included in equal deductible for 5 years Old stock Merger price [In case of qualified merger] • Asset adjustment account accounting and amortization \* The assets of the merged corporation are recorded at market value, and the difference between the book value of the merged corporation is recorded in the asset adjustment account. ⓐ Difference > 0: Included in gross income ⓑ Difference < 0: Included in deductible \* The asset adjustment account is later offset or added to depreciation expenses, and when disposed of, the balance is included in gross income or deductible expenses of the merged corporation.. Shareholders of the merged corporation • Fictitious dividends for merger consideration [Merger consideration - acquisition price of shares of the merged corporation] \* When the qualifying merger requirements are met, the merger consideration is considered the book value of the stocks of the merged corporation..