A FOUNDER'S GUIDE

M&A Across Latin America. **What Changes at the Border.**

Eight things that work differently when a founder sells to, or buys from, a party across a Latin American border. Structure, approvals, money, tax , people, diligence, protection, closing.

Prepared by the partners and associates at PAG Law PLLC

Educational overview, current as of October 2026. Not legal advice. PAG Law PLLC is a U.S. law firm and does not practice the law of Brazil, Mexico, Argentina, Colombia, Chile or Peru; on cross-border matters we work alongside local counsel. Rates, thresholds and rules change often. Consult counsel for your specific situation.

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THE SETUP

The deal you know, **with more moving parts.**

Most founders know how a sale works: a buyer, a price, a purchase agreement, diligence, signing, closing, money in the account . That picture is right, but it is incomplete the moment one side of the table sits in another country.

A cross-border deal in Latin America carries everything a domestic deal carries, plus a second layer: which entity is actually being sold, who has to approve it, how the money moves and in what currency, who pays tax on the gain and where, what happens to the people, and how the transfer is formally recorded.

None of this makes the deal harder to do. It makes it easier to get wrong.

Every layer can be handled. The expensive ones are the ones **nobody raised before signing.**

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TWO SEATS AT THE TABLE

This guide is written **for both sides.**

You are selling

A founder with a company in Brazil, Mexico, Argentina, Colombia, Chile or Peru, and a buyer from the U.S. or elsewhere. You want the price you agreed, in the currency you agreed, with as little of it held back or taxed away as possible.

You are buying

A U.S. company, a fund, or a founder expanding into the region. You are acquiring a business, and with it every contingency that business has accumulated. Your job is to know what those are before the price is fixed, not after.

Sellers protect the price. Buyers protect against what the price does not show. **The same clauses do both.**

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THE MAP

First question: what is actually being sold?

Many Latin American startups already sit under a holding company in Delaware or the Cayman Islands, with the operating company in the home country underneath it. Others are a single local company. The answer changes the deal more than anything else in this guide.

Sell the holding company and the buyer takes the whole group in one transfer, under a familiar law, with the operating company coming along untouched. Sell the local shares and the transfer happens on the ground, in the local language, under local rules, with a local registry to update.

Sell the assets rather than the shares and you leave the company's history behind, but not its people. Across most of the region, the employees and their claims move with the business.

Draw the group chart on day one. Every question that follows is answered by **which box is being sold.**

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Difference One

WHICH ENTITY YOU SELL SETS THE RULEBOOK

DIFFERENCE 01

The holding company **decides the rulebook.**

If there is a Delaware or Cayman holding company, the purchase agreement will almost always be governed by New York or Delaware law, and the shares that change hands are foreign shares. The local operating company is transferred indirectly. That is simpler on paper, and usually faster.

It is not always tax neutral. Argentina, Colombia, Chile, Mexico and Peru each tax the sale of a foreign company when enough of its value comes from local shares or local assets. Brazil generally does not, outside real estate. So the structure that avoids a local closing can still produce a local tax bill.

If there is no holding company, the buyer is acquiring local shares directly. That means a local transfer document alongside the main agreement, a local closing, and a local registry.

Two questions for any holding company: whose law governs the sale, and **who still taxes it.**

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Difference Two

MERGER CONTROL IS MANDATORY ABOVE A LINE

DIFFERENCE 02

Someone has to say yes first.

Every market in this guide has a competition authority with the power to review a deal before it closes: CADE in Brazil, the new Comisión Nacional Antimonopolio in Mexico, the SIC in Colombia, the FNE in Chile, INDECOPI in Peru. Argentina has reviewed after closing for years and is moving to review before it.

Filing is triggered by size, usually the parties' local revenues or assets, and the thresholds are lower than founders expect. A deal no one would call large can still be notifiable, and in most of the region you cannot close until clearance arrives. A simple filing takes weeks. A contested one takes months.

Closing early is not a paperwork problem. It is a fine measured as a share of revenue, and in some markets the deal itself can be unwound.

Check the filing thresholds in every market the business touches **before you agree on a closing date.**

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Difference Three

CURRENCY, REGISTRATION, AND THE ROUTE HOME

DIFFERENCE 03

The price is agreed. **Now it has to travel.**

Prices are usually set in dollars and paid outside the region wherever the structure allows. Escrows sit with a U.S. bank. Earn-outs are in dollars for a reason: over two years, a local currency can lose a third of its value without anyone breaching anything.

When money does go into the country, it is registered. Brazil records foreign capital with the Central Bank; Colombia, Peru and Chile keep their own registers. That record is what later lets the investor take dividends and sale proceeds back out. An unregistered investment is a repatriation problem waiting for a closing.

Argentina is the exception founders ask about most. Exchange controls on companies remain, loosened but not lifted. Recent rules let a foreign seller repatriate the proceeds of a local share sale through the official market. Whether a deal fits inside them is settled before the price is agreed.

Fix currency, escrow bank and route home in the term sheet, **not at closing.**

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Difference Four

WITHHOLDING, FILINGS, AND THE INDIRECT RULE

DIFFERENCE 04

The gain is taxed **where the company lives.**

A non-resident seller pays tax on the gain in the country where the company sits, and the buyer usually withholds it. For unlisted shares, rates run from 13.5% to 35%, depending on the market and on whether the tax is measured against the gain or the whole price. The country notes at the back list each one.

Several countries also require a local representative, a return within weeks, or a certificate before closing. Peru will tax the whole price rather than the gain if the seller has not certified their cost basis in advance.

Treaties can reduce or remove the tax, but only where one exists and only if the paperwork is in order before the money moves.

Model the seller's tax under each structure before the price is final. Withholding on the gross price **changes the number.**

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Difference Five

LABOR LIABILITY DOES NOT STAY WITH THE SELLER

DIFFERENCE 05

The employees come **with the company.**

In a share deal the employer never changes, so every employee, every accrued benefit and every pending claim stays exactly where it was. The buyer now owns all of it.

An asset deal does not escape this the way it might elsewhere. Brazil, Mexico, Argentina and Colombia each treat the transfer of a going business as a transfer of its workforce, with the old and new employer jointly liable for what was owed before. Chile writes the same result into its labor code. Peru is the outlier, where employees must agree to move.

Severance across the region is generous by U.S. standards and grows with seniority. In Mexico a buyer also inherits mandatory profit sharing and the outsourcing rules, under which any staffing arrangement that is not properly registered becomes a joint liability. Non-competes are far weaker than a U.S. buyer assumes. Do not price a deal on the assumption that the founder cannot compete.

Diligence the claims, not the headcount. The workforce is **a liability you are buying.**

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Difference Six

TAX, LABOR, BOOKS, AND WHO PAID WHOM

DIFFERENCE 06

Diligence looks in different places.

In a U.S. deal, diligence spends its time on contracts, IP and financials. In Latin America the same review happens, and then most of the exposure turns out to be elsewhere: unpaid or disputed tax, labor claims that take years to resolve, corporate books never kept up to date, and revenue that was never fully invoiced.

A U.S. acquirer also brings its own law with it. The Foreign Corrupt Practices Act follows the buyer into the target, and every market here has its own anti-bribery statute with strict corporate liability. A payment that was ordinary in the target's past can become the buyer's problem the day after closing.

Data protection now has teeth across the region, and land near borders and coasts in Mexico, or rural land in Brazil, cannot simply be held by a foreigner. Each is a specific question with a specific answer. None of them is a reason not to buy. All of them are reasons to look.

Start with the tax, labor and corporate books.
The contracts can wait a week.

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Difference Seven

ESCROW, CARVE-OUTS, AND WHERE YOU SUE

DIFFERENCE 07

Indemnities need a border of their own.

The protections from a domestic deal still apply: a cap, a basket, a survival period. Cross-border, three more decisions matter.

First, where the escrow sits. A holdback in a U.S. account under a New York agreement is enforceable in a way a local one may not be. Second, what the indemnity covers. Known tax and labor contingencies found in diligence should carry their own line, uncapped and outside the basket, rather than relying on a general representation. Third, where a dispute goes. Local courts can take years. Arbitration seated in New York, Miami or a regional center is the norm, and the agreement should say so.

Representation and warranty insurance is available for larger deals in the region and is becoming more common. It shifts most of the risk of unknown breaches off the seller, at a cost, but it excludes contingencies already found in diligence. It is worth asking about earlier than most founders do.

Name the known contingencies in the agreement. A general representation is **not a substitute for a specific indemnity.**

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Difference Eight

NOTARIES, REGISTRIES, AND THE CALENDAR

DIFFERENCE 08

Signing and closing **are two different days.**

In the region, signing rarely closes the deal. Approvals have to arrive, money has to be registered, and the transfer itself has to be recorded. How that recording works depends on the company. A Brazilian or Mexican corporation transfers shares by entry in a share register. A Brazilian limitada or an Argentine SRL needs an amendment filed with the commercial registry. A Chilean transfer is signed before a notary.

Most documents that cross the border are apostilled and translated by a sworn translator, and powers of attorney for anyone not in the room are prepared the same way. Budget weeks for this, not days, and start before signing.

The gap between signing and closing is where the deal is most exposed. Interim covenants, a long-stop date, and a clear list of conditions are what protect both sides while everyone waits.

Order the apostilles and translations the day the term sheet is signed. **Nothing else on the checklist takes longer.**

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Brazil, Mexico, Argentina.

BRAZIL

COMPETITION	CADE. Mandatory before closing above BRL 750m and BRL 75m in group revenue. Simple cases clear in about a month.
MONEY	Foreign capital registered with the Central Bank. No controls on repatriating registered capital. Dividends to non-residents taxed at 10% from 2026.
TAX ON THE SALE	15% to 22.5% of the gain on a rising scale, withheld by the buyer. Sale of a foreign holding company generally not taxed.
PEOPLE	Share and asset deals both carry labor liability. 40% FGTS penalty on dismissal without cause.

MEXICO

COMPETITION	Comisión Nacional Antimonopolio, successor to COFECE since 2025. Mandatory before closing; lowest threshold near USD 50m of target size.
MONEY	No exchange controls. Foreign investment registered with the RNIE. Real estate near borders and coasts held through a bank trust.
TAX ON THE SALE	25% of the gross price, or 35% of the net gain with a Mexican representative and a tax report. A foreign holding company sale is taxed when more than 50% of its book value comes, directly or indirectly, from Mexican shares or real estate.
PEOPLE	Profit sharing at 10% of taxable profit. Staffing must be REPSE-registered. Asset deals move employees with six months of joint liability.

ARGENTINA

COMPETITION	Reviewed after closing today. Pre-closing review begins November 2026. Threshold near USD 100m of combined local turnover.
MONEY	Controls on companies remain. Since late 2025 a foreign seller may repatriate local share-sale proceeds through the official market. Settle the route before pricing.
TAX ON THE SALE	15% of the gain or 13.5% of the price, at the seller's election. Foreign holding company sale taxed when 30% or more of its value is Argentine.
PEOPLE	A business transfer carries its workforce with joint liability. The 2026 labor reform trimmed severance multipliers.

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Colombia, Chile, Peru.

COLOMBIA

COMPETITION	SIC. Mandatory before closing above roughly USD 23m in local assets or revenue. Below a 20% combined share, the deal is notified only and deemed approved.
MONEY	Investment registers with the Central Bank when funds arrive through an authorized intermediary. That record is the right to repatriate.
TAX ON THE SALE	15% of the gain if held two years, 35% if less. Seller appoints a representative and files within a month. Foreign holding company sale taxed above 20% Colombian value.
PEOPLE	Sustitución patronal moves employees with joint liability. The 2025 reform raised night and holiday premiums.

CHILE

COMPETITION	FNE. Mandatory before closing above about USD 100m in combined local sales. Phase one is 30 business days.
MONEY	No screening. Flows above USD 10,000 pass through the formal market and are reported to the Central Bank.
TAX ON THE SALE	35% of the gain. The buyer withholds on account: 35% of the gain, or 10% of the price where the gain cannot be determined
PEOPLE	A change of ownership never alters contracts. Severance is one month per year, capped at eleven.

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COMPETITION	INDECOPI, since 2021. Mandatory before closing above 118,000 UIT combined and 18,000 UIT for each of two parties (the UIT is Peru's tax unit, reset annually).
MONEY	Register with ProInversión to secure free remittance. No exchange controls.
TAX ON THE SALE	30% of the gain, 5% if listed. Obtain the SUNAT capital recovery certificate before closing, or tax falls on the whole price.
PEOPLE	Employees must consent to move in an asset deal. Severance funds and statutory bonuses must be current.

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THE CALENDAR

What a realistic **timeline looks like.**

1. **Term sheet and structure** Weeks 0 to 4. Decide what is being sold. Model the tax on both sides. Check every filing threshold.

2. **Diligence** Weeks 4 to 12. Tax, labor, corporate books, compliance. Local counsel in each market the business touches.

3. **Signing** Weeks 12 to 16. Main agreement under New York or Delaware law, local transfer documents alongside. Escrow and arbitration agreed.

4. **Approvals and registrations** Weeks 16 to 28. Competition filings, foreign investment registration, apostilles, sworn translations, powers of attorney.

5. **Closing and after** Week 28 on. Transfer recorded, price paid offshore, withholding remitted, registry updated. Holdback released when the survival period ends.

Four to nine months from term sheet to closing is normal. Less is possible. **It is rarely wise.**

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TWO EXAMPLES

How this plays out **in practice.**

A MEXICAN FOUNDER SELLS TO A U.S. BUYER

A software company with a Delaware holding company and a Mexican operating subsidiary. The buyer acquires the Delaware shares under a New York agreement. No Mexican closing, and the Mexican company itself is untouched. The founder, resident in Mexico, is taxed there on the gain, and foreign investors selling alongside may owe Mexican tax too, because most of the holding company's value sits in the Mexican subsidiary. Diligence still goes into Mexico: profit sharing paid, the staffing provider REPSE registered, the RNIE filings current. Escrow in New York, arbitration in Miami. Four months from term sheet to closing.

A U.S. COMPANY BUYS IN BRAZIL

A services business with 140 employees, held as a limitada by two founders. A share deal is chosen over an asset deal because the labor liability comes along either way, and the share deal keeps the customer contracts intact. No CADE filing: the buyer has no Brazilian revenue. The price is paid in dollars to the founders abroad, withholding remitted in Brazil, and the capital registered with the Central Bank in the buyer's name. Known labor claims carry a special indemnity, uncapped, funded from a two-year escrow. Six months from term sheet to closing, most of it the quota transfer at the Junta Comercial and the sworn translations.

Same region. **Two deals that barely resemble each other.**

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IN SHORT

Eight differences, in one page.

1. **What you sell sets the rulebook.** A foreign holding company is simpler to transfer and not always tax-neutral.
2. **Someone has to say yes first.** Filing thresholds are lower than you expect, and most markets stop you closing until clearance arrives.
3. **Price in dollars, escrow offshore, register every inflow.** Settle Argentina's route before pricing.
4. **The gain is taxed where the company lives.** The buyer withholds. Treaties help only with paperwork done in advance.
5. **Employees and their claims come with the business, in share and asset deals alike.** Non-competes are weak.
6. **Diligence looks in different places.** The exposure is in tax, labor, books and past payments, not only in contracts.
7. **Known contingencies get their own uncapped line.** Escrow in the U.S. Arbitration, not local courts.
8. **Signing and closing are different days.** Apostilles, translations and registries take weeks.

The deal you know, with more moving parts. Every one of them is manageable **if it is on the table before the price is.**

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IN CLOSING

The border is not **the hard part.**

A cross-border deal is not a more difficult deal. It is the same deal, with more of it decided before signing: what is sold, who approves it, how the money travels, who is taxed, who comes with the business, and how the transfer is recorded.

Founders who know that going in negotiate the price with those answers in hand. Founders who do not find out at closing, when the answers are expensive.

Not a harder deal. The same deal, **decided earlier.**

Talk to us before the term sheet, not after.

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Educational overview. Not legal advice. Consult counsel for your specific situation.

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