

Restructuring and Repurchasing Distressed Debt: Risks and Opportunities for Borrowers

Published in *Tax Stringer*

September 1, 2020

The article highlights how debt restructuring and workout transactions are accelerating in the COVID-19 pandemic. Similarly, dislocations in the debt markets have presented and continue to present opportunities for relatively well-situated borrowers or their affiliates to capitalize on substantial discounts. These transactions can have significant federal and state income tax implications, including cancellation of debt (COD) income that may exacerbate (or create) financial distress for a corporate borrower or the owners of a flow-through entity. The article discusses certain federal income tax ramifications of modifying debt instruments or repurchasing debt in secondary markets, as well as related planning techniques.

[Read "Restructuring and Repurchasing Distressed Debt: Risks and Opportunities for Borrowers" in its entirety.](#)

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