Tax driven deals are made in hell, as Publicis-Omnicom ...

Published: January 12, 2026, 9:05 pm

As the FT notes this morning the Publicis-Omnicom merger has failed. The French-US deal always looked to be tax driven. As the CEO of US partner Omnicom told the FT

the company had accumulated "an awful lot of cash".

No doubt that was, like so much US corporate cash, offshore. But there was more to the tax aspects of this deal than that. The plan was for a deal that was, the FT noted:
structured so neither company nor its shareholders would incur tax, but the groups faced challenges receiving approval from tax authorities in France, the Netherlands and the UK.
As recently as April, the companies said there was no reason to believe that the deal structure could not be achieved.

Rumours began a while ago that suggested that this was not true and that the expected $80m in annual tax savings the merger had hoped for might not be delivered. From then on the deal seemed on the rocks.

There are lessons in this. As I have said before, tax cannot drive commercial logic. The US corporate tax system is corrosive, as I have also argued, as a result. And here a deal has floundered because a merger driven by tax greed, not commercial necessity or even imperative, has come unstuck.

I hope the markets take note. All those consider the Pfizer deal should smell the coffee.

It would be better still if the US did and took action to reform its tax system.