

M&A News: AUS regulator opposes sale of software business

The Australian Competition and Consumer Commission says that it opposes the proposed acquisition of Ernst & Young's tax compliance software business by Thomson Reuters.

Thomson Reuters proposed to acquire Ernst & Young's tax compliance software business which licences out software products, including *Tax Integrator* and *FBT Organiser*, to companies who use the software products for their tax compliance. But the ACCC has decided that the prospect of new entry or expansion of the remaining competitors was unlikely, and thus would not sufficiently constrain Thomson Reuters from increasing its prices for the software products post-acquisition.

"The ACCC concluded the acquisition is likely to substantially lessen competition in the markets for the supply of income tax and fringe benefits tax compliance software," ACCC Chairman, Graeme Samuel said, announcing the decision this morning.

The ACCC received evidence that suggested that the ability for companies to develop their own in-house solutions was also unlikely to be capable of constraining the merged entity from raising prices, and it was also "concerned that the merger was likely to impact [upon] customers in the form of a decline in service levels and limited future development of tax compliance software."

The ACCC made enquiries that, the ACC says, "indicated that Thomson Reuters and Ernst & Young are currently supplying tax compliance software to the vast majority of companies that use the software and are each other's closest competitors."