



NATIONAL ASSOCIATION OF CERTIFIED VALUATION ANALYSTS

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NACVA AND THE IBA'S 2010 ANNUAL CONSULTANTS' CONFERENCE *SESSION SUMMARY*
JUNE 2—5, 2010 THE FONTAINEBLEAU MIAMI BEACH MIAMI BEACH, FL USA

Track: International Valuation
Co-sponsored with the International Association of Consultants, Valuers & Analysts

Session Date / Time: Wednesday, June 2, 2010 / 10:30am – 12:15pm

Session Title: *The Valuation of Tax Loss Carryforwards*

Session Summary: The presentation develops a methodology to value unused tax credits of a company. Using major insights from option price theory a valuation formula for a single period model is derived. To value tax loss carryforwards within a multiperiod model we use Monte Carlo simulations. We show how today's value of the taxable base and it's volatility influences the value of tax loss carryforwards. The derived values can be used to calculate better company values. Additionally, the results can be used to calculate the cost of equity and the WACC of companies with unused tax credits.

CPE Hours / Fields of Study Two (2) hours / 1 hour Taxes (TX), 1 hour Finance (FN)

Presenter Bio:



Felix Streitferdt, PhD, has studied economics at the University of Kiel, George Mason University, Washington DC, and the University of Seville. He wrote his PhD thesis at the University of Kiel Business School on a financial subject within a post doc program from 1997-2000. Afterwards, he started working as a financial advisor to the board of directors at Allianz SE, a major European insurance company until February 2005. His task was to value companies and to structure M&A transactions. Since then he has been working as a University teacher and researcher in Trier.