



Accounting and Tax Due Diligence in Asset Recycling

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Besides the technical, commercial, financial and legal due diligence, other assessment includes accounting and tax due diligence, which should consider the following:

Accounting due diligence

- Identify if the relevant accounting standard has been properly applied.
- Identify and recognize change of accounting treatment over the period of historical financial statements.
- Review and revise (when necessary) the proforma financial statements or other reports.
- Perform high-level quantitative adjustments to related accounts when necessary.
- Conduct a qualitative accounting impact analysis related to relevant accounting standard.

Tax due diligence

- Assessment of how tax affairs are being managed and understand any past tax-related issues (if any),
- Identify any industry-level tax issues and any tax issues related to the operation of the asset.
- Assessment of the asset's exposure to relevant taxes and other potential exposure on related party transactions.
- Understand carry-forward tax loss position, composition and the extent these can be utilized.
- Review the outcome of the latest tax audits of the asset to determine risk levels within the business.

Related Content

- [The PPPRC Asset Recycling Section](#)
- [Executive Summary: Asset Recycling](#)
- [Asset Recycling Projects](#)
- [Asset Recycling Programs](#)
- [Table of Contents for Asset Recycling](#)

Additional Resources

- [Laws and Regulations](#)

This section has not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the content will be reviewed and adapted for specific transactions.

This is a new section of the website and is currently in draft form. For feedback on the content of this section or to suggest additional links or materials, please [contact the PPP Resource Center](#) using the feedback form.

