

# [Accounting and Tax Due Diligence in Asset Recycling](#)

## Full Description

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.

## Useful Links

[Fiscal Accounting and Reporting for PPPs](#)

[Taxes and Taxation Issues](#)

[Property Tax Diagnostic Manual](#)

## Related Content

[Guidelines for Implementing Asset Recycling Transactions \(Download PDF version\) - Now Available!](#)

## Additional Resources

[Legal and Regulatory Issues Concerning PPPs](#)

Page Specific Disclaimer

*The Guidelines have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions To find more, visit the Guidelines to Implementing Asset Recycling Transactions [Section Overview](#) and [Content Outline](#), or [Download the Full Report](#).*

