

Note 25 - Income tax

Parent Bank			Group	
2016	2017	(NOK million)	2017	2016
1,945	2,236	Result before tax	2,269	1,983
-858	-630	+/- permanent differences	-242	-703
-24	-215	+/- change in temporary differences as per specification	-	236
-	-	+ deficit to be brought forward	45	-
1,063	1,391	Year's tax base/taxable income	2,073	1,516
266	348	Tax payable on profit for the year	378	319
-	-	Tax effect reflected in equity	1	0
25	55	+/- change in deferred tax	72	22
290	403	Tax charge for the year	450	341
Change in net deferred tax liability				
25	55	Deferred tax shown through profit/loss	72	22
-19	-2	Deferred tax shown through equity	1	-19
-	-	Deferred tax assets acquired in business combination	-	1
6	54	Total change in net deferred tax liability	72	4

Deferred tax in balance sheet			Deferred tax in balance sheet	
31 Dec 2016	31 Dec 2017	Composition of deferred tax in the balance sheet (NOK Million)	31 Dec 2017	31 Dec 2016
-	6	Temporary differences:		
-	-	- Business assets	199	212
-	-	- Leasing items	250	198
172	134	- Pension liability	148	186
24	221	- Securities	225	24
359	79	- Hedge derivatives	79	359
-	-	- Other temporary differences	5	1
556	440	Total tax-increasing temporary differences	906	979
139	110	Deferred tax	226	245
-6	-2	Temporary differences:		
-	-	- Business assets	-14	-16
-	-	- Pension liability	-	-
-107	-28	- Securities	-28	-111
-494	-267	- Hedge derivatives	-267	-494
-58	-55	- Other temporary differences	-111	-454
-	-	- Deficit carried forward	-867	-561
-665	-352	Total tax-decreasing temporary differences	-1,288	-1,636
-166	-88	Deferred tax asset	-322	-408
-27	21	Net deferred tax (-asset)	-97	-162

The above table comprises temporary differences from all consolidated companies shown gross. At the company level tax-increasing and tax-reducing temporary differences are shown net. At the group level recognition is on a gross basis in conformity with IAS 12 with each company being presented separately in the calculation of the Group's tax benefit and deferred tax:

	2017	2016
Tax benefit recorded 31 Dec	178	196
Deferred tax recorded 31 Dec	-81	-33

Recognised in income statement		Composition of deferred tax recognised in the income statement (NOK Million)	Recognised in income statement	
2016	2017		2017	2016
		Temporary differences:		
4	-12	- Business assets	13	-161
-	-	- Leasing items	-52	-49
-148	37	- Pension liability	10	-157
-17	-280	- Securities	-200	101
-295	-236	- Hedge derivatives	280	225
31	-20	- Other temporary differences	-4	0
-424	-511	Total tax-increasing temporary differences	47	-40
-106	-128	Change in deferred tax	11	-10
		Temporary differences:		
-	-	- Business assets	-	-4
-	-	- Pension liability	-	-6
101	4	- Securities	-83	-13
225	288	- Hedge derivatives	-227	-295
-	-	- Other temporary differences	-202	221
-	-	- Deficit carried forward	124	53
326	293	Total tax-decreasing temporary differences	-345	-43
82	73	Change in deferred tax asset	-83	-11
-	-	Change in tax rate from 28 % to 27 %	0	-1
-25	-55	Net	-72	-22

2016	2017	Reconciliation of tax charge for the period recognised against profit and loss to profit before tax	2017	2016
498	559	25 % of profit before tax	639	496
-215	-158	Non-taxable profit and loss items (permanent differences) *	-191	-176
19	2	Tax effect of issue cost reflected in equity	-	20
-	-	Change in tax rate from 25 % to 24 %	1	1
290	403	Tax for the period recognised in the income statement	450	341
15 %	18 %	Effective tax rate	20 %	17 %

* Includes non-deductible costs and and deduction for profit share related to associates and joint ventures (profit shares are taken out having already been taxed at the respective companies).