

Note 23 - Income tax

Accounting Policy

Tax recorded in the income statement comprises tax in the period (payable tax) and deferred tax. Period tax is tax calculated on the taxable profit for the year. Deferred tax is accounted for by the liability method under IAS 12. Calculation of deferred tax is done using the tax rate in effect at any time. Liabilities or assets are calculated on temporary differences i.e. the difference between balance-sheet value and tax-related value of assets and liabilities. However, liabilities or assets are not calculated in the case of deferred tax on goodwill for which there is no deduction for tax purposes, nor on first-time-recognised items which affect neither the accounting nor the taxable profit.

A deferred tax asset is calculated on a tax loss carryforward. Deferred tax assets are recognised only to the extent that there is expectation of future taxable profits that enable use of the tax asset. Withholding tax is presented as period tax. Wealth tax is presented as an operating expense in the group accounts under IAS 12.

Parent Bank			Group	
2021	2022	(NOK million)	2022	2021
2,760	3,125	Result before tax	3,353	3,247
-689	-456	+/- permanent differences	-722	-620
45	-315	+/- change in temporary differences as per specification	-313	116
-	-	+ deficit carried forward	-4	-140
2,116	2,354	Year's tax base/taxable income	2,313	2,603
529	612	Tax payable on profit for the year	699	593
-12	-15	Taxes on interest hybrid capital	-15	-13
-4	15	Excess/too little tax accrued previous year	21	3
513	612	Total taxes payable in statement of financial position	705	583
-	-		-	0
529	612	Tax payable on profit for the year	699	593
1	34	+/- change in deferred tax	35	-17
-12	-15	Taxes on interest hybrid capital	-15	-13
518	631	Tax charge for the year	718	563
		Change in net deferred tax liability		
-1	-34	Deferred tax shown through profit/loss	-35	-17
12	-44	Deferred tax shown through equity	-44	-13
		Deferred tax reclassified to discontinued operations	-81	
0	3	Too little taxes accrued previous year	3	-3
11	76	Total change in net deferred tax liability	-156	-32

* Due to changes in temporary differences between annual accounts and final tax papers.

Composition of deferred tax carried in the balance sheet (NOK Million)				
2021	2022		2022	2021
		Temporary differences:		
		- Business assets	27	25
-	-	- Leasing items	273	257
54	234	- Pension liability	236	56
52	202	- Securities	202	52
154	2,154	- Hedge derivatives	2,154	154
-	-	- Other temporary differences	4	3
260	2,590	Total tax-increasing temporary differences	2,896	546
65	648	Deferred tax	723	136
		Temporary differences:		
		- Business assets	-38	-25
-12	-27	- Pension liability	-	-2
-	-	- Securities	-75	-83
-93	-75	- Hedge derivatives	-2,185	-136
-136	-2,185	- Other temporary differences	-107	-135
-33	-13	- Deficit carried forward	-1	-306
-	-			
-273	-2,301	Total tax-decreasing temporary differences	-2,407	-685
-68	-575	Deferred tax asset	-602	-170
-3	72	Net deferred tax (-asset)	122	-34

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:

	2022	2021
Tax benefit recorded 31 Dec	5	90
Deferred tax recorded 31 Dec	-127	-56

Reconciliation of tax charge for the period recognised against profit and loss to profit before tax				
2021	2022		2022	2021
690	781	25 % of profit before tax	882	816
-172	-114	Non-taxable profit and loss items (permanent differences) *	-129	-219
		Tax effect of costs reflected in equity	-44	-
		Too little taxes accrued previous year	8	0
		Change in tax assets not recognised	-	-34
518	667	Tax for the period recognised in the income statement	718	563
17 %	20 %	Effective tax rate	21 %	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).