NOTE 9 **INCOME TAXES**

Specification of income tax expenses

NOK 1 000	2016	2015
Tax payable of net profit		
Income tax payable for the year	198 432	269 023
Adjustments of prior periods	9 953	25 556
Total tax payable	**208 385**	**294 579**
Deferred tax expense		
Change in deferred tax recognised in the income statement	41 440	106 459
Effects of changes in tax rates and prior years' taxes	-38 929	-82 748
Total deferred tax	**2 511**	**23 711**
Income tax expense	**210 897**	**318 290**

Tax payable in the balance sheet

NOK 1 000	2016	2015
Tax payable of the year	198 432	269 023
Tax liability from prior years	35 799	132 078
Advance tax paid	-35 083	-246 745
Translation differences	-2 070	-10 604
Tax payable	**197 079**	**143 752**

Reconciliation of nominal to effective tax rate

NOK 1 000	2016	2015
Profit before tax	998 497	1 627 409
Estimated income tax expense at nominal tax rate (25%)	249 628	439 400
Losses and other deductions without any net tax effect	-3 973	17 754
Non-taxable net income (-) / costs (+) from securities	-65 594	-285 351
Other non-taxable income	- 72	-8 768
Impairment of goodwill	3 899	54 000
Adjustments of prior periods	-30 087	-57 192
Tax effect of other permanent differences	57 095	158 446
Income tax expense	**210 897**	**318 290**
Effective tax rate	**21.1 %**	**19.6 %**

Tax recognised directly in equity

NOK 1 000	2016	2015
Actuarial loss on pension obligations (note 19)	-3 402	988
Cash flow hedges (note 28)	3 270	-21 497
Total tax recognised in total comprehensive income	**- 132**	**-20 509**

Deferred tax asset and deferred tax liability

NOK 1 000	2016	2015
Inventories	-50 888	10 971
Receivables	17 763	7 202
Stocks and bonds	-245 597	-400 934
Other differences	53 753	34 925
Tangible assets	-45 793	-2 446
Investment properties	-274 349	-177 712
Intangible assets	-146 431	-151 087
Net pensions	48 615	49 554
Tax losses to carry forward	304 360	329 854
Total	**-338 568**	**-299 674**
Reassment of deferred tax assets	-348 597	-289 722
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	**-687 165**	**-589 396**

Deferred tax assets recognised in balance sheet	251 594	257 916
Deferred tax liabilities recognised in balance sheet	-938 759	-847 312
Net carrying value at 31 December of deferred tax assets (+)/liabilities (-)	**-687 165**	**-589 396**

Deferred tax assets are reviewed on each balance sheet date, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow for the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability shall be settled or the asset be realised, based on tax rates and legislation prevailing at the balance sheet date.

Gross tax losses to carry forward with expiration years

NOK 1 000	**2016**
2016	5
2017	-
2018	-
After 2018	240 166
Without expiration	826 967
Total tax losses to carry forward	**1 067 139**

Change in net deferred tax in balance sheet

NOK 1 000	**2016**	**2015**
Net carrying value at 1 January	-589 396	-598 146
Translation differences	-3 996	49 720
Acquisition and disposal of subsidiary	-39 927	3 251
Recognised in income statement during the period	-53 714	-23 711
Tax recognised in other comprehensive income	- 132	-20 509
Net carrying value at 31 December	**-687 165**	**-589 396**

Ferd made a settlement with the authorities on 8 April 2016 and won the case in the question of deductability for carried interest for the income year 2013. As previous years were not part of the settlement, the deductions for the years before 2013 are not finally clarified, and we cannot recognise deferred tax assets related to these years in the balance sheet.