

Fortum's Annual Report 2014

Fortum is an energy company highly committed to sustainability. We strive to respond to the needs of our customers by generating, selling and distributing low-carbon electricity and heat and by offering energy-sector expert services.

29 Deferred income taxes

The movement in deferred tax assets and liabilities during 2014

Deferred taxes in balance sheet, EUR million	1 Jan 2014	Change	31 Dec 2014
Deferred tax assets	126	-28	98
Deferred tax liabilities	-1,338	179	-1,159
Net deferred taxes	-1,212	151	-1,061

EUR million	1 Jan 2014	Charged to income statement	Charged to other comprehensive income	Exchange rate differences reclassifications and other changes	Acquisitions, disposals and assets held for sale	31 Dec 2014
Property, plant and equipment	-1,264	-10		118	5	-1,150
Pension obligations	7	1	22		-2	28
Provisions	24	-23				1
Derivative financial instruments	-46	-1	7			-40
Tax losses and tax credits carry-forward	80	-7		-3		70
Other	-13	44			-1	30
Net deferred taxes	-1,212	5	29	115	2	-1,061

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income tax liabilities of EUR 8 million (2013: 7) have been recognised for the withholding tax and other taxes that would be payable on the all unremitted earnings of Estonian subsidiaries. Unremitted earnings from these companies totalled EUR 38 million on 31 December 2014 (2013: 32).

Change in deferred tax is mainly coming from exchange rate differences in Russia and in Sweden, EUR 115 million.

The movement in deferred tax assets and liabilities during 2013

Deferred taxes in balance sheet, EUR million	1 Jan 2013	Change	31 Dec 2013
Deferred tax assets	169	-43	126
Deferred tax liabilities	-1,561	223	-1,338
Net deferred taxes	-1,392	180	-1,212

EUR million	1 Jan 2013	Charged to income statement	Charged to other comprehensive income	Exchange rate differences reclassifications and other changes	Acquisitions, disposals and assets held for sale	31 Dec 2013
Property, plant and equipment	-1,505	55		45	141	-1,264
Pension obligations	22	2	-17			7
Provisions	42	-18				24
Derivative financial instruments	-29	-9	-8			-46
Tax losses and tax credits carry-forward	80					80
Other	-2	-12				-13
Net deferred taxes	-1,392	18	-25	45	141	-1,212

Deferred tax assets and liabilities from acquisitions, disposals and assets held for sale in 2013 relate to the sale of Fortum Sähkösiirto Oy and Fortum Espoo Distribution Oy shares in 2014.

[See Note 9 Assets held for sale.](#)

Deferred income tax assets are recognised for tax loss carry-forward to the extent that realisation of the related tax benefit through future profits is probable. The recognised tax assets relate to losses carry-forward with no expiration date and partly with expiry date as described below.

Deferred income tax assets recognised for tax loss carry-forwards

EUR million	2014		2013	
	Tax losses	Deferred tax asset	Tax losses	Deferred tax asset
Losses without expiration date	29	4	6	2
Losses with expiration date	260	66	320	78
Total	289	70	327	80

Deferred tax assets of EUR 50 million (2013: 47) have not been recognised in the consolidated financial statements, because the realisation is not probable. The major part of the unrecognised tax asset relates to loss carry-forwards that are unlikely to be used in the foreseeable future.