
Table of Contents**4.14 Taxes**

The Company offsets its current and deferred tax assets with current and deferred tax liabilities, respectively, if a legally enforceable right exists to set off the amounts recognized before the same taxation authority and when it has the intention to liquidate them for the net amount or to realize the asset and settle the liability simultaneously.

4.14.1 Current income tax

The Company calculates income tax by applying adjustments from certain items, affected by or subject to income tax, in conformity with current tax regulations. Current tax, corresponding to present and prior periods, is recognized by the Company as a liability to the extent that it is not settled. If the amount already paid, which corresponds to present and prior periods, exceeds the amount payable for those periods, the excess is recognized as an asset.

The Company recognizes current income tax related to items of other comprehensive income directly in these items and not in the results of the period.

4.14.2 Deferred income tax

Deferred income tax is determined by applying the liability method to all temporary differences existing between the asset, liability, and net equity tax base and the amounts recorded for financial purposes as of the date of the statement of financial position. Deferred income tax is calculated using the tax rate expected to apply on the period when the asset is realized or the liability is settled. Deferred tax assets are recognized only when there is reasonable probability of their realization.

The carrying amount of deferred income tax assets is reviewed on the date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Likewise, on the closing date of each financial period, the Company reassesses the unrecognized deferred tax assets to the extent that it is probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred taxes related to items of other comprehensive income are recognized directly in those items and not in the results of the period.

4.14.3 Sales tax

Revenue from sales is recorded by the Company net of sales tax, and a liability is recognized in the statement of financial position for the related sales tax amount. Expenses and assets acquired are recorded by the Company net of sales tax if the tax authorities credit these taxes to the Company, recognizing the accumulated amount receivable in the statement of financial position. When the sales tax incurred is not recoverable, the Company includes it within the expense or asset, as applicable.

4.15 Significant accounting estimates and assumptions

Financial statement preparation requires management to make judgments, estimates and assumptions affecting reported amounts of revenue, expenses, assets and liabilities, and to disclose contingent liabilities as of the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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