

36. Income tax expense

The Group's income tax expense for the year is € 53.7 million as follows:

(Values in €/000)	2013	2012	Change
Current taxes (income taxes)	36,190	49,474	(13,284)
Net deferred tax (income) expense	8,920	2,632	6,288
Prior year taxes	1,955	1,786	169
Total income taxes	47,065	53,892	(6,827)
IRAP	6,663	5,378	1,285
Total	53,728	59,270	(5,542)

Consolidated financial statements at 31 December 2013

An analysis and reconciliation of the theoretical income tax rate, calculated under Italian tax legislation, and the effective tax rate are set out below:

	Income tax expense	
	€m	%
Loss before tax	161.2	
Theoretical tax expense	44.3	27.5%
Effect of permanent differences	5.6	3.5%
Recovered foreign taxes	(7.2)	(4.5%)
Other	4.3	2.7%
Total	47.0	29.2%

The effective tax expense is affected by the following:

- permanent differences;
- recognition of certain taxes paid abroad in accordance with the legislation of the countries in which the branches of the Italian consolidated

companies operate and which have been recovered;

An analysis and reconciliation of the theoretical IRAP tax rate and the effective tax rate are set out below:

	IRAP	
	€m	%
Operating profit (loss)	157.9	
Personnel expenses	384.4	
Operating profit for IRAP tax purposes	542.3	
Theoretical tax expense	21.1	3.9%
Tax effect of foreign companies' production	(9.4)	(1.7%)
Tax effect of foreign production	(5.2)	(1.0%)
Tax effect of permanent differences	0.2	0.0%
Total	6.7	1.2%

The net deferred tax expense contributes negatively to the consolidated profit for € 8.9 million as shown below:

(Values in €/000)

Deferred tax expense for the year	4,276
Reversal of deferred tax liabilities recognised in previous years	(926)
Deferred tax income for the year	(8,071)
Reversal of deferred tax assets recognised in previous years	13,641
Total	8,920