

31. Income tax expense

The company's income tax expense for the year is € 50.2 million as follows:

(Values in €/000)	2013	2012	Variation
Current taxes (income taxes)	41,646	50,703	(9,057)
Net deferred tax (income) expense	1,533	(11,740)	13,273
Prior year taxes	2,292	561	1,731
Total income taxes	45,471	39,524	5,947
IRAP	4,776	4,081	695
Total	50,247	43,605	6,642

Separate financial statements of Impregilo S.p.A. 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)	%
Profit before tax	164.1	
Theoretical tax expense	45.1	27.5%
Effect of permanent differences	3.2	2.0%
Recovered foreign taxes	(7.2)	(4.4%)
Other	4.3	2.6%
Total	45.4	27.7%

The effective tax expense, in line with the theoretical tax expense is affected however by:

- the effect of permanent differences;
- taxes paid abroad which met the requirements for recovery during the year;

- net income from the national IRES consolidation agreement with other Group companies;
- the adjustment for prior year taxes.

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

	IRAP	
	(€m)	%
Operating profit (loss)	152.3	
Personnel expenses	114.5	
Operating profit (loss) for IRAP tax purposes	266.8	
Theoretical tax expense	10.4	3.9%
Tax effect of foreign production	(5.2)	(1.9%)
Tax effect of permanent differences	(0.4)	(0.1%)
Total	4.8	1.8%

The net deferred tax income contributes positively to the company's profit for € 1.5 million, specifically for the following items:

(Values in €/000)

Deferred tax expense for the year	244
Reversal of deferred tax liabilities recognised in previous years	(4,403)
Deferred tax income for the year	(4,227)
Reversal of deferred tax assets recognised in previous years	9,919
Total	1,533