

26. Tax receivables

These total €222,166, representing an increase of €126,553 compared with 2012:

(Values in €/000)	Year 2013	Year 2012	Change
Indirect taxes	136,657	72,799	63,858
VAT	107,560	72,166	35,394
Other indirect taxes	29,097	633	28,464
Direct taxes	85,510	22,814	62,695
Regional Income tax (IRAP)	1,877	1,698	179
Corporate income tax (IRES)	33,999	1,433	32,566
Other direct taxes	49,634	19,683	29,951
Total Tax receivables	222,166	95,614	126,553

The 31 December 2013 balance mainly consists of:

- direct tax assets for excess taxes paid in previous years, which the group has correctly claimed for reimbursement and which bear interest;

- foreign direct tax assets for excess taxes paid abroad by the foreign group companies which will be recovered as per the relevant legislation.

A breakdown of contract tax receivables by business segment is provided below:

(Values in €/000)	December 2013	December 2012	Change
Italy	164,973	9,612	155,362
EU excluding Italy	547	64	483
Non-EU	2,123	48,780	(46,657)
Asia	1,950	7,881	(5,931)
Africa	51,350	29,198	22,152
America	1,183	58	1,125
Oceania	40	21	19
Total tax receivables	222,166	95,614	126,553

Notes to the consolidated financial statements

Other indirect taxes include withholdings of € 7.8 million paid by the Icelandic branch on the remuneration paid to foreign temporary workers involved in the building site. A dispute arose with the local tax authorities about the party required to act as the withholding agent for the remuneration of foreign temporary workers at the building site. Impregilo was firstly wrongly held responsible for the payment of the withholdings on this remuneration, which it therefore paid. Following the definitive ruling of the first level court, the company's claims were fully satisfied. Nevertheless, the local authorities subsequently commenced a new proceeding for exactly a similar issue. The Supreme Court rejected the company's claims in its ruling handed down in February 2010, which is blatantly contrary to the previous ruling issued in 2006 on the same matter by the same judiciary authority. The company had expected to be refunded both the unduly paid withholdings of €6.9 million (at the original exchange rate) and the related interest accrued to date of €6.0 million. Impregilo had prudently impaired the interest amount in previous years, despite a previous local court ruling and the opinion of its consultants that confirmed its grounds, and only continued to recognise the unduly paid principal. After the last ruling, the company took legal action at international level (appeal presented to the EFTA

Surveillance Authority on 22 June 2010) and, as far as possible, again at local level (another reimbursement claim presented to the local tax authorities on 23 June 2010) as it deems, again supported by its advisors, that the last ruling issued by the Icelandic Supreme Court is unlawful both in respect of local legislative and international agreements which regulate trade relations between the EFTA countries and international conventions which do not allow application of discriminatory treatments to foreign parties (individuals and companies) working in other EFTA countries. On 8 February 2012, the EFTA Surveillance Authority sent the Icelandic government a communication notifying the infraction of the free exchange of services and requested the government to provide its observations about this. Following this, in April 2013, the EFTA Surveillance Authority issued its documented opinion finding the Icelandic legislation to be inconsistent with the regulations covering trade relations between the member countries with respect to the regulations for the above dispute, and it asked that Iceland amend its position. Based on the above, and in particular with respect to recent developments for which, in any case, an update on assessments made to date will be appropriate, we do not believe there are objective reasons at present to change valuations made to date concerning this dispute.