

# Bank of England

## Prudential Regulation Authority

### Annex II Chapter 10

#### Instructions regarding reporting templates for individual undertakings

#### **S.25.06 – Solvency Capital Requirement – loss-absorbing capacity of deferred tax**

##### **General comments:**

This section relates to annual submission of information for individual entities.

Loss-absorbing capacity of deferred tax (LACDT) and related calculations should be made in accordance with Article 207 of Delegated Regulation (EU) 2015/35. Amounts recognised should be in conformity with international accounting standards adopted for use by UK companies.

	<b><u>ITEM</u></b>	<b><u>INSTRUCTIONS</u></b>
<u>R0010/C0010</u>	<u>Deferred Tax Assets Before the shock</u>	<u>Total amount of the deferred tax assets (DTA) in the balance sheet using Solvency II valuation before the instantaneous loss described in Article 207(1) and (2). The DTA amount of this cell shall be consistent with the value in the cell R0400/C0010 in S.02.01</u>
<u>R0010/C0020</u>	<u>Deferred Tax Assets After the shock</u>	<u>Total amount of the deferred tax assets (DTA) if a balance sheet using Solvency II valuation was set up after the instantaneous loss, as provided for in Article 207(1) and (2).</u>
<u>R0020/C0010</u>	<u>Deductible temporary differences Before the shock</u>	<u>Amount of deductible temporary differences included in the total amount of DTA before the instantaneous loss described in Article 207.</u>
<u>R0020/C0020</u>	<u>Deductible temporary differences After the shock</u>	<u>Amount of deductible temporary differences included in the total amount of DTA if a balance sheet using Solvency II valuation was set up after the instantaneous loss, as provided for in Article 207.</u>
<u>R0030/C0010</u>	<u>Unused tax losses and unused tax credits Before the shock</u>	<u>Amount of unused tax losses and unused tax credits included in the total amount of DTA before the instantaneous loss described in Article 207.</u>
<u>R0030/C0020</u>	<u>Unused tax losses and unused tax credits After the shock</u>	<u>Amount of unused tax losses and unused tax credits included in the total amount of DTA if a balance sheet using Solvency II valuation was set up after the instantaneous loss, as provided for in Article 207.</u>
<u>R0040/C0010</u>	<u>Deferred Tax Liabilities Before the shock</u>	<u>Amount of Deferred Tax Liabilities (DTL) in the balance sheet using Solvency II valuation before the instantaneous loss described in Article 207. The DTL amount of this cell shall be consistent with the value in the cell R0780/C0010 in S.02.01</u>
<u>R0040/C0020</u>	<u>Deferred Tax Liabilities After the shock</u>	<u>Amount of Deferred Tax Liabilities (DTL) if a balance sheet using Solvency II valuation was</u>

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		<u>set up after the instantaneous loss, as provided for in Article 207.</u>
<u>R0050/C0030</u>	<u>Amount/estimate of LACDT reported explicitly in S.25.04</u>	<u>Amount of LACDT reported explicitly in the cell R0450/C0010 in S.25.04. LACDT in S.25.04 is reported as a negative amount. LACDT in S.25.06 should also be reported as a negative amount for consistency.</u>
<u>R0060/C0030</u>	<u>Amount/estimate of LACDT reported implicitly in S.25.04</u>	<u>Amount of LACDT reported implicitly in the SCR calculation which has been included in the amount shown in the cell R0438/C0010 in S.25.04.</u>
<u>R0070/C0030</u>	<u>Amount/estimate of total LACDT</u>	<u>Total amount of LACDT as defined in Article 207 being the sum of LACDT reported explicitly and implicitly.</u>
<u>R0080/C0030</u>	<u>Amount/estimate of LACDT justified by reduction in deferred tax liabilities</u>	<u>Amount/estimate of loss-absorbing capacity of deferred taxes, as calculated in accordance with Article 207, justified by the reduction in deferred tax liabilities after the instantaneous loss.</u>
<u>R0090/C0030</u>	<u>Amount/estimate of LACDT justified by reference to probable future taxable profit</u>	<u>Amount/estimate of loss-absorbing capacity of deferred taxes, as calculated in accordance with Article 207, justified by reference to probable future taxable profit of the company.</u>
<u>R0100/C0030</u>	<u>Amount/estimate of LACDT justified by set-off against profits of current or previous accounting period</u>	<u>Amount/estimate of loss-absorbing capacity of deferred taxes, as calculated in accordance with Article 207, justified by set-off against profits of the company of the current or previous accounting period.</u>
<u>R0110/C0030</u>	<u>Amount/estimate of LACDT justified by carry back, future years</u>	<u>Amount/estimate of loss-absorbing capacity of deferred taxes, as calculated in accordance with Article 207, justified by profits from past years. Amount of losses allocated to the years after next year.</u>
<u>R0120/C0030</u>	<u>Amount/estimate of LACDT justified by surrender as group relief</u>	<u>Amount/estimate of loss-absorbing capacity of deferred taxes, as calculated in accordance with Article 207, justified by transfer of losses between group members.</u>
<u>R0130/C0030</u>	<u>Amount/estimate of Maximum LACDT</u>	<u>Maximum amount of loss-absorbing capacity of deferred taxes that could be available, before the assessment whether the increase in net deferred tax assets can be used for the purposes of the adjustment.</u>
<u>R0140/C0030</u>	<u>Taxable loss caused by SCR shock</u>	<u>Total taxable loss caused by the instantaneous loss as provided for in Article 207.</u>
<u>R0150/C0030</u>	<u>Taxable loss in year of shock</u>	<u>Taxable loss caused by the SCR shock which is assessed and charged in the current accounting period</u>
<u>R0160/C0030</u>	<u>Taxable loss after the year of shock</u>	<u>Taxable loss caused by the SCR shock which is assessed and charged in subsequent accounting periods</u>
<u>R0170/C0030</u>	<u>Financial year of the projection horizon of future taxable profit</u>	<u>The financial year in which the last future taxable result is projected for the purpose of justifying LACDT by reference to probable future taxable profit.</u>

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R0180/C0030	<u>Maximum rate of UK corporation tax assumed for the LACDT calculation</u>	<u>The maximum rate used in the measurement of tax and deferred tax assets and liabilities after the shock.</u>
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Draft for consultation