

<b>Question ID</b>	2021_5679
<b>Status</b>	Final Q&A
<b>Legal act</b>	Regulation (EU) No 575/2013 (CRR)
<b>Topic</b>	Supervisory reporting - COREP (incl. IP Losses)
<b>Article</b>	430
<b>Paragraph</b>	-
<b>Subparagraph</b>	-
<b>COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations</b>	Regulation (EU) 2021/451 - ITS on supervisory reporting of institutions
<b>Article/Paragraph</b>	Annexes I and II, COREP C01.00
<b>Date of submission</b>	08/01/2021
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<b>Disclose name of institution / entity</b>	No
<b>Type of submitter</b>	Credit institution
<b>Subject matter</b>	Valuation rule 3684 - no negative amounts on row360
<b>Question</b>	<p>Due to impairments or shorter useful life under the applicable accounting framework compared to the tax base, it is possible that the carrying amount of other intangible assets is lower than the tax base. In that case a DTA is booked on that intangible assets. Is it, in that case, allowed to report a negative amount on row 360 Deferred tax liabilities associated to other intangible assets?</p>
<b>Background on the question</b>	<p>Valuation rule v3684 only allows positive amounts on row 360: Deferred tax liabilities associated to other intangible assets. This implies that there is always a DTL amount expected on Other Intangible Assets, meaning it is expected that carrying amount is always higher than tax base.</p>
<b>EBA answer</b>	<p>According to the instructions for row 360 of template C01, only the amount of deferred tax liabilities that would be extinguished if the intangible asset became impaired or was derecognized under the relevant accounting standard, should be reported; therefore, only positive values should be allowed.</p> <p>In case deferred tax assets are recognized in relation to some intangible</p>

	<p>assets, they should be treated according to article 38 of CRR, that is, risk weighted or deducted in the dedicated row of C01 (370 or 490).</p> <p>In particular, in case an institution has both deferred tax liabilities associated with some intangible assets and deferred tax assets associated with other intangible assets, they do not have to be netted or compensated. Deferred tax liabilities shall reduce the amount of the intangible asset deduction when allowed by the CRR, and the deferred tax asset shall be treated according to its nature without being netted by the corresponding tax liability, according to article 38(4) of the CRR (“Associated deferred tax liabilities of the institution used for the purposes of paragraph 3 may not include deferred tax liabilities that reduce the amount of intangible assets or defined benefit pension fund assets required to be deducted”).</p>
<b>Link</b>	<a href="https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_5679">https://www.eba.europa.eu/single-rule-book-qa/qna/view/publicId/2021_5679</a>

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