



**Single
Rulebook
Q&A**

Question ID	2019_4728
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Supervisory reporting - COREP (incl. IP Losses)
Article	99
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Regulation (EU) No 680/2014 - ITS on supervisory reporting of institutions (as amended)
Article/Paragraph	Annex II
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Disclose name of institution / entity	No
Type of submitter	Competent authority
Subject matter	References for row 096 "Deferred Tax Assets subject to a risk weight of 250 %" of table c04.00 in Reg. 680/2014
Question	Are the references included in the instructions for row 096 "Deferred Tax Assets subject to a risk weight of 250 %" of table c04.00 (Reg. 680/2014, as amended by Reg. 2018/1627) correct/ complete?
Background on the question	As per the instructions for row 096 of c04.00 included in Reg. 680/2014, as amended by Reg. 2018/1627, the amount reported shall include DTAs that are dependent on future profitability and arise from temporary differences

that are not deducted pursuant to Article 48(1) CRR, but are subject to a risk weight of 250 % in accordance with Article 48(4) CRR, taking into account the effect of Article 470 CRR. However, in the case of institutions applying the transitional arrangements for IFRS 9 set out in Art. 473a of Reg. 575/2013, this amount will not be the one actually risk weighted at 250%, since it ignores the impact of the transitional arrangements of IFRS 9 on amounts risk weighted at 250% as per CRR Art. 48(4). In specific, as provided in provided in par. 7 of the same article, institutions: “shall recalculate all requirements laid down in this Regulation and in Directive 2013/36/EU that use any of the following items by not taking into account the effects that the expected credit loss provisions that it included in its Common Equity Tier 1 capital have on those items: (a) the amount of deferred tax assets that is deducted from Common Equity Tier 1 capital in accordance with point (c) of Article 36(1) or risk weighted in accordance with Article 48(4)”; This is confirmed in EBA Q&As 2018_4113 and 2018_3784, as per which: - “before applying the requirements of Article 36(c), Article 38 and Article 48 of the CRR to the relevant DTA amounts, these DTA amounts should be recalculated so that they do not include DTAs related to provisions that are added back to CET1. In accordance with Articles 48(1) and 48(2) CRR the thresholds do not need to be recalculated given that the amount of DTAs is corrected directly in the starting point.” - “all the other requirements of Regulation 575/2013 (CRR) will be applied on a total stock of DTAs recognised in accounting terms excluding those DTAs linked to the amount of added back provisions”

EBA answer

The instructions for row 096 of template C 04.00 of Annex I to Regulation (EU) No 680/2014 (ITS on supervisory reporting) as provided in Annex II thereto require the following: “Article 48(4) CRR. The amount of deferred tax assets that are dependent on future profitability and arise from temporary differences that are not deducted pursuant to Article 48(1) CRR, but subject to a risk weight of 250 % in accordance with Article 48(4) CRR2, .”

According to criteria established by Q&As 4113 and 3784, DTAs linked to provisions calculated in accordance with Article 473a(1) CRR should not be considered in the approach of Article 48 CRR. As a matter of fact, Article 473a(7) CRR states: “Where an institution includes in its Common Equity Tier 1 capital an amount in accordance with paragraph 1 of this Article, it shall recalculate all requirements laid down in this Regulation and in Directive 2013/36/EU that use any of the following items by not taking into account the effects that the expected credit loss provisions that it included in its Common Equity Tier 1 capital have on those items:(a) the amount of deferred tax assets that is deducted from Common Equity Tier 1 capital in accordance with point (c) of Article 36(1) or risk weighted in accordance with Article 48(4)”.

Therefore, DTAs related to provisions that are added back to CET1 following the application of Article 473a CRR should not be included in row 096 since

	<p>they have already been excluded in the calculation of the total regulatory DTA amount before the application of Article 48 CRR as clarified in Q&A 4113.</p> <p>In conclusion, the references for row 096 of template C 04.00 are correct.</p>
Link	<p>https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2019_4728</p>

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