

Resurs Bank denied deduction of SEK 31 million due to remeasurement effects attributable to IFRS 9 in Norway due to merger of yA Bank AS

The Swedish Tax Agency has rejected a deduction for calculated tax of just under SEK 31 million attributable to the operations of Resurs Bank's Norwegian branch due to the merger between the former yA Bank and Resurs Bank in December 2018. Resurs Bank does not share the Tax Agency's assessment and intends to appeal the decision.

In its income tax declaration for 2019, Resurs Bank claimed a deduction for tax paid in the Norwegian branch on the basis of reciprocal treatment by the branch and the company as regards the tax treatment of a nonrecurring effect due to the transition to IFRS 9 (January 2018). The portion of the IFRS 9 effect pertaining to the former yA Bank's remeasurement of asset items in accordance with IFRS 9 amounts to just under SEK 31 million and reduced the tax paid by the Norwegian branch in the 2019 income year. Since this transaction took place before the merger date, Resurs Bank believes that the transaction should be excluded from the calculation of deductible tax paid by a foreign branch.

In its decision, the Tax Agency did not find grounds for questioning Resurs Bank's conclusion that the total tax expense for the 2018 and 2019 tax years would have been lower if the merger and the deduction had been treated identically in Sweden and Norway or if Resurs Bank had waited until January 2020 to carry out the merger. However, the Tax Agency believes that a condition for applying the provisions of the Swedish Foreign Tax Credit Act is that the amount refers to final foreign tax paid, and Resurs Bank has not proven that this is the case.

Resurs Bank does not share the Tax Agency's assessment and believes that support can be found in applicable EEA agreements or applicable tax treaties for receiving a full deduction in accordance with the company's claim for tax paid in foreign branches for the 2019 income year. Accordingly, Resurs Bank intends to appeal the Tax Agency's decision. For precautionary reasons, the tax costs will effect the result during the third quarter.

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ABOUT RESURS BANK

Resurs is a Nordic niche bank that offers leading payment and financing solutions for the retail industry and its customers. We help companies and private individuals with lending, saving and payments. With more than 40 years of experience in the retail sector, we make shopping online and in stores quick, easy and secure. We focus on the customer experience and make good things happen and the hard feel easier. Resurs have a customer base about 6 million private customers.