

8. Income tax expense

(all amounts in Euro thousands)

	Group		Company	
	2016	2015	2016	2015
Current tax	7,737	11,635	-	-
Deferred tax (note 18)	-71,869	-5,678	5,559	3,256
Non deductible taxes and differences from tax audit	327	891	328	221
	-63,805	6,848	5,887	3,477

The tax on Group profit differs from the amount that would arise had the Group used the nominal tax rate of the country in which the parent Company is based as follows:

(all amounts in Euro thousands)

	Group		Company	
	2016	2015	2016	2015
Profit before tax	63,525	42,144	22,706	63,619
Tax calculated at the statutory tax rate of 29% (2015: 29%)	18,422	12,222	6,585	18,450
<u>Tax adjustments in respect of:</u>				
Income not subject to tax	-2,962	-3,372	-8,490	-15,983
Expenses not deductible for tax purposes	6,301	8,958	1,715	766
Other taxes	327	891	328	221
Re-measurement of deferred tax - tax rate change in Greece and Egypt	-	-8,547	-	92
Effect of unrecognized deferred tax asset on tax carry forward losses	1,165	1,169	-	-
Utilization of tax losses against prior years tax exempted reserves	4,350	-	4,350	-
Tax incentives	-4,615	-5,395	-	-
Effect of different tax rates in other countries that the Group operates	1,638	-3,427	-	-
Over-provision: prior years	799	4,984	786	386
Utilization of prior years unrecognized losses	-89,635	-68	-	-
Other	405	-567	613	-455
Effective tax charge	-63,805	6,848	5,887	3,477

Deferred tax assets are recognized for the carryforwards of unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilized. The determination of the amount of tax attribute carry-forward to recognize requires management judgment in assessing future profitability and recoverability (note 2.3).

On 31 December 2016, certain Group entities had tax carry forward losses of €441.2 million (2015: €499.9 million). These entities have recognized deferred tax assets amounting to €156.2 million (2015: €74.1 million), attributable to losses amounting to €393.7 million (2015: €206.1 million), as these deferred tax assets will be recoverable using the estimated future taxable income based on approved business plans (note 18).

For the remaining tax carry forward losses €47.5 million, no deferred tax asset has been recognized, since they did not meet the recognition criteria according to IAS 12. Tax carry forward losses amounting to €45.6 million expire up to 2021, while losses amounting to €1.9 million may be carried forward indefinitely.

The Group subsidiary in USA, Titan America LLC (TALLC), recorded a deferred income tax benefit and related deferred tax asset of €89.6 million in 2016 financial statements. The majority of this benefit was associated with the recognition of a deferred tax asset for previously unrecognized net operating losses carry-forward generated in periods prior to 2016. Following consistent year on year profitability improvements in 2016 and a favourable outlook for 2017-2019, management concluded that profitability trends and projections for TALLC provide sufficient and objectively verifiable evidence to conclude that future profitability overcomes the weight of negative evidence generated by successive loss years prior to 2016.

On 31 December 2016, the Company recognized deferred tax assets amounting to €6.6 million (2015: €13.9 million) on tax carry forward losses which met the recognition criteria. The tax losses of the Company can be utilized up to (and including) 2018.