
Table of Contents**4.15.2 Deferred income tax**

Deferred income tax is determined by applying the liability method to all temporary differences existing between the asset, liability, and net equity tax base and the amounts recorded for financial purposes as of the date of the statement of financial position. Deferred income tax is calculated using the tax rate expected to apply on the period when the asset is realized or the liability is settled. Deferred tax assets are recognized only when there is reasonable probability of their realization.

The carrying amount of deferred income tax assets is reviewed on the date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Likewise, on the closing date of each financial period, the Company reassesses the unrecognized deferred tax assets to the extent that it is probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred taxes related to items of other comprehensive income are recognized directly in those items and not in the results of the period.

4.15.3 Sales tax

Revenue from sales is recorded by the Company net of sales tax, and a liability is recognized in the statement of financial position for the related sales tax amount. Expenses and assets acquired are recorded by the Company net of sales tax if the tax authorities credit these taxes to the Company, recognizing the accumulated amount receivable in the statement of financial position. When the sales tax incurred is not recoverable the Company includes within the expense or asset, as applicable.

4.16 Operating leases

The Company holds certain productive assets under lease agreements with third parties. Leases in which the Company, as lessee, does not substantially retain all risks and benefits incidental to asset ownership are considered operating leases. Payments on these leases, according to rates established in the respective contracts, are recognized as expenses over the lease term.

4.17 Significant accounting judgments, estimates, and assumptions

Financial statement preparation requires management to make judgments, estimates and assumptions affecting reported amounts of revenue, expenses, assets and liabilities, and to disclose contingent liabilities as of the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

4.17.1 Judgments

In applying the Company's accounting policies, management has used the following judgment, apart from those implied in the estimates, which has a significant effect on the amounts recognized in the financial statements:

Classification of derivative financial instruments (interest rate swaps and caps) as cash flow hedges

The Company has classified its derivative financial instruments as cash flow hedges, and has adopted hedge accounting under the assumption that the hedge relationship is highly effective.

F-455