Other Income (Expense), Net

	Year Ended		
	Jan 28, 2024	Jan 29, 2023	$ Change
		($ in millions)	
Interest income	$ 866	$ 267	$ 599
Interest expense	(257)	(262)	5
Other, net	237	(48)	285
Other income (expense), net	$ 846	$ (43)	$ 889

Interest income consists of interest earned on cash, cash equivalents and marketable securities. The increase in interest income was due to higher yields on higher cash balances.

Interest expense is comprised of coupon interest and debt discount amortization related to our notes.

Other, net, consists of realized or unrealized gains and losses from investments in non-affiliated entities and the impact of changes in foreign currency rates. Change in Other, net, compared to fiscal year 2023 was driven by changes in value from our non-affiliated investments. Refer to Note 9 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information regarding our investments in non-affiliated entities.

Income Taxes

We recognized income tax expense of $4.1 billion for fiscal year 2024 and income tax benefit of $187 million for fiscal year 2023. Income tax as a percentage of income before income tax was an expense of 12.0% for fiscal year 2024 and a benefit of 4.5% for fiscal year 2023.

During the third quarter of fiscal year 2024, the Internal Revenue Service, or IRS, audit of our federal income tax returns for fiscal years 2018 and 2019 was resolved. We recognized a non-cash net benefit of $145 million, related to this IRS audit resolution, for effectively settled positions. This benefit consists of a reduction in unrecognized tax benefits of $236 million and related accrued interest of $17 million, net of federal benefit, partially offset by additional cash tax payments and reductions in tax attribute carryforwards of $108 million.

The effective tax rate increased due to a decreased impact of tax benefits from the FDII deduction, stock-based compensation, and the U.S. federal research tax credit, relative to the increase in income before income tax. The increase in the effective tax rate was partially offset by a benefit due to the IRS audit resolution.

Our effective tax rates for fiscal years 2024 and 2023 were lower than the U.S. federal statutory rate of 21% due primarily to tax benefits from the FDII deduction, stock-based compensation and the U.S. federal research tax credit. Our effective tax rate for fiscal year 2024 was additionally benefited by the IRS audit resolution.

The OECD has announced an Inclusive Framework on Base Erosion and Profit Shifting including Pillar Two Model Rules for a new 15% global minimum tax applicable to large multinational corporations. Certain jurisdictions, including European Union member states and the United Kingdom, have enacted Pillar Two legislation that will start to become effective for our fiscal year 2025. The OECD, and its member countries, continue to release new guidance and legislation on Pillar Two and we continue to evaluate the impact on our financial position of the global implementation of these rules. Based on enacted laws, Pillar Two is not expected to materially impact our effective tax rate or cash flows in the next fiscal year. New legislation or guidance could change our current assessment.

Refer to Note 14 of the Notes to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for additional information.