

Note 7 – Income Taxes

Provision for Income Taxes and Effective Tax Rate

The provision for income taxes for 2023, 2022 and 2021, consisted of the following (in millions):

	2023	2022	2021
Federal:			
Current	\$ 9,445	\$ 7,890	\$ 8,257
Deferred	(3,644)	(2,265)	(7,176)
Total	5,801	5,625	1,081
State:			
Current	1,570	1,519	1,620
Deferred	(49)	84	(338)
Total	1,521	1,603	1,282
Foreign:			
Current	8,750	8,996	9,424
Deferred	669	3,076	2,740
Total	9,419	12,072	12,164
Provision for income taxes	\$ 16,741	\$ 19,300	\$ 14,527

The foreign provision for income taxes is based on foreign pretax earnings of \$ 72.9 billion, \$ 71.3 billion and \$ 68.7 billion in 2023, 2022 and 2021, respectively.

A reconciliation of the provision for income taxes to the amount computed by applying the statutory federal income tax rate (21 % in 2023, 2022 and 2021) to income before provision for income taxes for 2023, 2022 and 2021, is as follows (dollars in millions):

	2023	2022	2021
Computed expected tax	\$ 23,885	\$ 25,012	\$ 22,933
State taxes, net of federal effect	1,124	1,518	1,151
Earnings of foreign subsidiaries	(5,744)	(4,366)	(4,715)
Research and development credit, net	(1,212)	(1,153)	(1,033)
Excess tax benefits from equity awards	(1,120)	(1,871)	(2,137)
Foreign-derived intangible income deduction	—	(296)	(1,372)
Other	(192)	456	(300)
Provision for income taxes	\$ 16,741	\$ 19,300	\$ 14,527
Effective tax rate	14.7 %	16.2 %	13.3 %