

FORD MOTOR COMPANY AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. INCOME TAXES (Continued)

Components of Deferred Tax Assets and Liabilities

The components of deferred tax assets and liabilities at December 31 were as follows (in millions):

	2021	2022
Deferred tax assets		
Employee benefit plans	\$ 2,320	\$ 1,960
Net operating loss carryforwards	4,163	3,978
Tax credit carryforwards	10,437	9,354
Research expenditures	1,117	3,240
Dealer and dealers' customer allowances and claims	1,944	2,192
Other foreign deferred tax assets	2,005	1,854
All other	2,353	2,201
Total gross deferred tax assets	24,339	24,779
Less: Valuation allowances	(1,067)	(822)
Total net deferred tax assets	23,272	23,957
Deferred tax liabilities		
Leasing transactions	2,103	2,992
Depreciation and amortization (excluding leasing transactions)	2,881	3,116
Finance receivables	756	792
Carrying value of investments	2,149	487
Other foreign deferred tax liabilities	893	1,196
All other	2,275	1,371
Total deferred tax liabilities	11,057	9,954
Net deferred tax assets/(liabilities)	\$ 12,215	\$ 14,003

Deferred tax assets for net operating losses and other temporary differences related to certain non-U.S. operations have not been recorded as a result of elections to tax these operations simultaneously in U.S. tax returns. During 2021, we restructured a significant portion of these operations resulting in recognition of \$ 2.9 billion of net deferred tax assets. Reversal of the remaining elections would result in the recognition of \$ 4.3 billion and \$ 4.2 billion of deferred tax assets, subject to valuation allowance testing, as of December 31, 2021 and 2022, respectively.

Operating loss carryforwards for tax purposes were \$ 11.4 billion at December 31, 2022, resulting in a deferred tax asset of \$ 4.0 billion. There is no expiration date for \$ 3.1 billion of these losses. A substantial portion of the remaining losses will expire beyond 2025. Tax credits available to offset future tax liabilities are \$ 9.4 billion. The majority of these credits have a remaining carryforward period of six years or more. Tax benefits of operating loss and tax credit carryforwards are evaluated on an ongoing basis, including a review of historical and projected future operating results, the eligible carryforward period, and available tax planning strategies. In our evaluation, we anticipate making tax elections that change the order of tax credit carryforward utilization on U.S. tax returns.