

# microsoft-10-K-2024-07-30-Financial\_Report -

## INCOME TAXES (Tables)

INCOME TAXES (Tables)	12 Months Ended
	Jun. 30, 2024
Income Tax Disclosure [Abstract]	
	The components of the provision for income taxes were as follows: (In millions) Year Ended June 30, 2024 2023 2022 Current Taxes U.S. federal \$ 12,165 \$ 14,009 \$ 8,329 U.S. state and local 2,366 2,322 1,679 Foreign 9,858 6,678 6,672 Current taxes \$ 24,389 \$ 23,009 \$ 16,680 Deferred Taxes U.S. federal \$ ( 4,791 ) \$ ( 6,146 ) \$ ( 4,815 ) U.S. state and local ( 379 ) ( 477 ) ( 1,062 ) Foreign 432 564 175 Deferred taxes \$ ( 4,738 ) \$ ( 6,059 ) \$ ( 5,702 ) Provision for income taxes \$ 19,651 \$ 16,950 \$ 10,978
Provision for Income Taxes	
	U.S. and foreign components of income before income taxes were as follows: (In millions) Year Ended June 30, 2024 2023 2022 U.S. \$ 62,886 \$ 52,917 \$ 47,837 Foreign 44,901 36,394 35,879 Income before income taxes \$ 107,787 \$ 89,311 \$ 83,716
Income Before Income Taxes	
	The items accounting for the difference between income taxes computed at the U.S. federal statutory rate and our effective rate were as follows: Year Ended June 30, 2024 2023 2022 Federal statutory rate 21.0 % 21.0 % 21.0 % Effect of: Foreign earnings taxed at lower rates ( 1.4 )% ( 1.8 )% ( 1.3 )% Impact of intangible property transfers 0 % 0 % ( 3.9 )% Foreign-derived intangible income deduction ( 1.1 )% ( 1.3 )% ( 1.1 )% State income taxes, net of federal benefit 1.5 % 1.6 % 1.4 % Research and development credit ( 1.1 )% ( 1.1 )% ( 0.9 )% Excess tax benefits relating to stock-based compensation ( 1.1 )% ( 0.7 )% ( 1.9 )% Interest, net 1.1 % 0.8 % 0.5 % Other reconciling items, net ( 0.7 )% 0.5 % ( 0.7 )% Effective rate 18.2 % 19.0 % 13.1 %
Taxes Computed at Federal Statutory Rate and Provision for Income Taxes	

<p>Deferred Income Tax Assets and Liabilities</p>	<p>The components of the deferred income tax assets and liabilities were as follows:</p> <p>(In millions)</p> <p>June 30, 2024 2023</p> <p>Deferred Income Tax Assets</p> <p>Stock-based compensation expense \$ 765 \$ 681</p> <p>Accruals, reserves, and other expenses 4,381 3,131</p> <p>Loss and credit carryforwards 1,741 1,441</p> <p>Amortization 4,159 9,440</p> <p>Leasing liabilities 6,504 5,041</p> <p>Unearned revenue 3,717 3,296</p> <p>Book/tax basis differences in investments and debt 9 373</p> <p>Capitalized research and development 11,442 6,958</p> <p>Other 426 489</p> <p>Deferred income tax assets 33,144 30,850</p> <p>Less valuation allowance ( 1,045 ) ( 939 )</p> <p>Deferred income tax assets, net of valuation allowance \$ 32,099 \$ 29,911</p> <p>Deferred Income Tax Liabilities</p> <p>Leasing assets \$ ( 6,503 ) \$ ( 4,680 )</p> <p>Depreciation ( 3,940 ) ( 2,674 )</p> <p>Deferred tax on foreign earnings ( 1,837 ) ( 2,738 )</p> <p>Other ( 167 ) ( 89 )</p> <p>Deferred income tax liabilities \$ ( 12,447 ) \$ ( 10,181 )</p> <p>Net deferred income tax assets \$ 19,652 \$ 19,730</p> <p>Reported As</p> <p>Other long-term assets \$ 22,270 \$ 20,163</p> <p>Long-term deferred income tax liabilities ( 2,618 ) ( 433 )</p> <p>Net deferred income tax assets \$ 19,652 \$ 19,730</p>
<p>Unrecognized Tax Benefits Related to Uncertain Tax Positions</p>	<p>The aggregate changes in the gross unrecognized tax benefits related to uncertain tax positions were as follows:</p> <p>(In millions)</p> <p>Year Ended June 30, 2024 2023 2022</p> <p>Beginning unrecognized tax benefits \$ 17,120 \$ 15,593 \$ 14,550</p> <p>Decreases related to settlements ( 76 ) ( 329 ) ( 317 )</p> <p>Increases for tax positions related to the current year 1,903 1,051 1,145</p> <p>Increases for tax positions related to prior years (a) 4,289 870 461</p> <p>Decreases for tax positions related to prior years ( 464 ) ( 60 ) ( 246 )</p> <p>Decreases due to lapsed statutes of limitations ( 12 ) ( 5 ) 0</p> <p>Ending unrecognized tax benefits \$ 22,760 \$ 17,120 \$ 15,593</p> <p>(a) Fiscal year 2024 includes unrecognized tax benefits of \$ 3.4 billion related to the acquisition of Activision Blizzard. See Note 8 – Business Comb</p>