

microsoft-8-K-2024-12-03-Financial_Report -
INCOME TAXES (Tables)

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