Uncertain Tax Positions

Unrecognized tax benefits as of June 30, 2017, 2016, and 2015, were $11.7 billion, $10.2 billion, and $9.6 billion, respectively. If recognized, these tax benefits would affect our effective tax rates for fiscal years 2017, 2016, and 2015, by $10.2 billion, $8.8 billion, and $7.9 billion, respectively.

As of June 30, 2017, 2016, and 2015, we had accrued interest expense related to uncertain tax positions of $2.3 billion, $1.9 billion, and $1.7 billion, respectively, net of federal income tax benefits. Interest expense on unrecognized tax benefits was $399 million, $163 million, and $237 million in fiscal years 2017, 2016, and 2015, respectively, and was included in provision for income taxes.

The aggregate changes in the balance of unrecognized tax benefits were as follows:

(In millions)

Year Ended June 30,	**2017**	**2016**	**2015**
Balance, beginning of year	**$ 10,164**	$ 9,599	$ 8,714
Decreases related to settlements	**(4)**	(201)	(50)
Increases for tax positions related to the current year	**1,277**	1,086	1,091
Increases for tax positions related to prior years	**397**	115	94
Decreases for tax positions related to prior years	**(49)**	(317)	(144)
Decreases due to lapsed statutes of limitations	**(48)**	(118)	(106)
Balance, end of year	**$ 11,737**	$ 10,164	$ 9,599

While we settled a portion of the Internal Revenue Service (“IRS”) audit for tax years 2004 to 2006 during the third quarter of fiscal year 2011, and settled a portion of the IRS audit for tax years 2007 to 2009 during the first quarter of fiscal year 2016, we remain under audit for those years. We also continue to be subject to examination by the IRS for tax years 2010 to 2016. In February 2012, the IRS withdrew its 2011 Revenue Agents Report for tax years 2004 to 2006 and reopened the audit phase of the examination. As of June 30, 2017, the primary unresolved issue relates to transfer pricing, which could have a significant impact on our consolidated financial statements if not resolved favorably. We believe our allowances for income tax contingencies are adequate. We have not received a proposed assessment for the unresolved issues and do not expect a final resolution of these issues in the next 12 months. Based on the information currently available, we do not anticipate a significant increase or decrease to our tax contingencies for these issues within the next 12 months.

We are subject to income tax in many jurisdictions outside the U.S. Our operations in certain jurisdictions remain subject to examination for tax years 1996 to 2017, some of which are currently under audit by local tax authorities. The resolutions of these audits are not expected to be material to our consolidated financial statements.

NOTE 14 — RESTRUCTURING CHARGES

Phone Hardware Restructuring

In June 2015, management approved a plan to restructure our phone business to better focus and align resources (the “Phone Hardware Restructuring Plan”), under which we eliminated approximately 7,400 positions in fiscal year 2016. In fiscal year 2015, we incurred restructuring charges of $780 million under the Phone Hardware Restructuring Plan, including severance expenses and other reorganization costs. In fiscal year 2016, we reversed $21 million of previously estimated restructuring charges related to contract termination costs. The actions associated with the Phone Hardware Restructuring Plan were completed as of June 30, 2017.

2016 Restructuring

In the fourth quarter of fiscal year 2016, management approved restructuring plans that resulted in approximately 4,700 job eliminations in fiscal year 2017, primarily across our smartphone hardware business and global sales.