A reconciliation of the provision for income taxes, with the amount computed by applying the statutory federal income tax rate (35% in 2016, 2015 and 2014) to income before provision for income taxes for 2016, 2015 and 2014, is as follows (dollars in millions):

	2016	2015	2014
Computed expected tax	$ 21,480	$ 25,380	$ 18,719
State taxes, net of federal effect	553	680	469
Indefinitely invested earnings of foreign subsidiaries	(5,582)	(6,470)	(4,744)
Domestic production activities deduction	(382)	(426)	(495)
Research and development credit, net	(371)	(171)	(88)
Other	(13)	128	112
Provision for income taxes	$ 15,685	$ 19,121	$ 13,973
Effective tax rate	25.6%	26.4%	26.1%

The Company's income taxes payable have been reduced by the tax benefits from employee stock plan awards. For RSUs, the Company receives an income tax benefit upon the award's vesting equal to the tax effect of the underlying stock's fair market value. The Company had net excess tax benefits from equity awards of $379 million, $748 million and $706 million in 2016, 2015 and 2014, respectively, which were reflected as increases to common stock.

As of September 24, 2016 and September 26, 2015, the significant components of the Company's deferred tax assets and liabilities were (in millions):

	2016	2015
Deferred tax assets:		
Accrued liabilities and other reserves	$ 4,135	$ 4,205
Basis of capital assets	2,107	2,238
Deferred revenue	1,717	1,941
Deferred cost sharing	667	667
Share-based compensation	601	575
Unrealized losses	—	564
Other	788	721
Total deferred tax assets, net of valuation allowance of $0	10,015	10,911
Deferred tax liabilities:		
Unremitted earnings of foreign subsidiaries	31,436	26,868
Other	485	303
Total deferred tax liabilities	31,921	27,171
Net deferred tax liabilities	$ (21,906)	$ (16,260)

Deferred tax assets and liabilities reflect the effects of tax losses, credits and the future income tax effects of temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are measured using enacted tax rates that apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Uncertain Tax Positions

Tax positions are evaluated in a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more-likely-than-not recognition threshold it is then measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company classifies gross interest and penalties and unrecognized tax benefits that are not expected to result in payment or receipt of cash within one year as non-current liabilities in the Consolidated Balance Sheets.

As of September 24, 2016, the total amount of gross unrecognized tax benefits was $7.7 billion, of which $2.8 billion, if recognized, would affect the Company's effective tax rate. As of September 26, 2015, the total amount of gross unrecognized tax benefits was $6.9 billion, of which $2.5 billion, if recognized, would affect the Company's effective tax rate.