

Provision for Income Taxes and Effective Tax Rate

The provision for income taxes for 2018, 2017 and 2016, consisted of the following (in millions):

	2018	2017	2016
Federal:			
Current	\$ 41,425	\$ 7,842	\$ 7,652
Deferred	(33,819)	5,980	5,043
Total	7,606	13,822	12,695
State:			
Current	551	259	990
Deferred	48	2	(138)
Total	599	261	852
Foreign:			
Current	3,986	1,671	2,105
Deferred	1,181	(16)	33
Total	5,167	1,655	2,138
Provision for income taxes	\$ 13,372	\$ 15,738	\$ 15,685

The foreign provision for income taxes is based on foreign pre-tax earnings of \$48.0 billion, \$44.7 billion and \$41.1 billion in 2018, 2017 and 2016, respectively.

A reconciliation of the provision for income taxes, with the amount computed by applying the statutory federal income tax rate (24.5% in 2018; 35% in 2017 and 2016) to income before provision for income taxes for 2018, 2017 and 2016, is as follows (dollars in millions):

	2018	2017	2016
Computed expected tax	\$ 17,890	\$ 22,431	\$ 21,480
State taxes, net of federal effect	271	185	553
Impacts of the Act	1,515	—	—
Earnings of foreign subsidiaries	(5,606)	(6,135)	(5,582)
Domestic production activities deduction	(195)	(209)	(382)
Research and development credit, net	(560)	(678)	(371)
Other	57	144	(13)
Provision for income taxes	\$ 13,372	\$ 15,738	\$ 15,685
Effective tax rate	18.3%	24.6%	25.6%

The Company's income taxes payable have been reduced by the tax benefits from employee stock plan awards. For restricted stock units ("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. Prior to adopting ASU 2016-09 in the first quarter of 2018, the Company reflected net excess tax benefits from equity awards as increases to additional paid-in capital, which amounted to \$620 million and \$379 million in 2017 and 2016, respectively. Refer to Note 1, "Summary of Significant Accounting Policies" for more information.