

The provision for (benefit from) income taxes differs from that based on the federal statutory rate due to the following (in thousands):

	Years Ended June 30		
	2001 Benefit	2002 Provision	2003
Federal tax at statutory rate	\$(9,896)	\$(25,419)	\$(54,683)
State income tax, net of federal tax benefit	(828)	94	—
Tax effect resulting from foreign goodwill impairment	—	—	17,129
Tax effect resulting from foreign activities	1,572	8,438	6,108
Tax credits generated	(2,871)	(3,660)	(522)
Permanent differences, net	630	(234)	48
Acquisition costs	239	—	—
Valuation allowance	2,422	23,185	31,920
Provision for (benefit from) income taxes	\$(8,732)	\$ 2,404	\$ —

The approximate tax effect of each type of temporary difference and carry forward is as follows (in thousands)

	June 30	
	2002	2003
Deferred tax assets:		
Revenue related	\$ (8,106)	\$ 248
US Income tax credits	20,470	19,028
US operating losses carryforward	23,403	20,942
Restructuring items	6,040	27,056
Nondeductible reserves and accruals	8,429	12,839
Intangible assets	(4,736)	2,140
Other temporary differences	(45)	10,756
	45,455	93,009
Valuation allowance	(26,950)	(76,249)
	18,505	16,760
Deferred tax liabilities: ⁽¹⁾		
Revenue related	(21,534)	(8,584)
Nondeductible reserves and accruals	(1,226)	(4,983)
Intangible assets	4,563	—
Other temporary differences	3,194	—
Foreign losses carryforward	—	309
	(15,003)	(13,258)
	\$ 3,502	\$ 3,502

(1)The Company recorded a \$14.5 million deferred tax liability associated with the acquisition of Hyprotech.

The tax credits and net operating loss carryforwards expire at various dates from 2004 through 2024. The Tax Reform Act of 1986 contains provisions that may limit the net operating loss and tax credit carryforwards available to be used in any given year in the event of significant changes in ownership, as defined. Due to the uncertainty surrounding the realization and timing of these tax attributes, the Company has recorded a valuation allowance of approximately \$27.0 million and \$76.2 million as of June 30, 2002 and 2003, respectively.