## NOTE G. TAXES

($ in millions)

| For the year ended December 31: | 2019 | 2018 | 2017 |
|---|---|---|---|
| Income from continuing operations before income taxes | | | |
| U.S. operations | $ (315) | $ 627 | $ 560 |
| Non-U.S. operations | 10,481 | 10,715 | 10,840 |
| **Total income from continuing operations before income taxes** | $10,166 | $11,342 | $11,400 |

The income from continuing operations provision for income taxes by geographic operations was as follows:

($ in millions)

| For the year ended December 31: | 2019 | 2018 | 2017 |
|---|---|---|---|
| U.S. operations | $ (408) | $1,199 | $2,923 |
| Non-U.S. operations | 1,139 | 1,420 | 2,719 |
| **Total continuing operations provision for income taxes** | $ 731 | $2,619 | $5,642 |

The components of the income from continuing operations provision for income taxes by taxing jurisdiction were as follows:

($ in millions)

| For the year ended December 31: | 2019 | 2018 | 2017 |
|---|---|---|---|
| U.S. federal | | | |
| Current | $ 331 | $ (342) | $2,388 |
| Deferred | (839) | 1,377 | 77 |
| | $ (508) | $1,035 | $2,465 |
| U.S. state and local | | | |
| Current | $ (85) | $ 127 | $ 55 |
| Deferred | (82) | (292) | 28 |
| | $ (167) | $ (165) | $ 83 |
| Non-U.S. | | | |
| Current | $1,829 | $2,135 | $3,891 |
| Deferred | (423) | (386) | (797) |
| | $1,406 | $1,749 | $3,094 |
| Total continuing operations provision for income taxes | $ 731 | $2,619 | $5,642 |
| Discontinued operations provision for/(benefit from) income taxes | (1) | 2 | (3) |
| Provision for social security, real estate, personal property and other taxes | 3,304 | 3,322 | 3,434 |
| **Total taxes included in net income** | $4,034 | $5,943 | $9,073 |

A reconciliation of the statutory U.S. federal tax rate to the company's effective tax rate from continuing operations was as follows:

| For the year ended December 31: | 2019 | 2018 | 2017 |
|---|---|---|---|
| Statutory rate | 21% | 21% | 35% |
| Enactment of U.S. tax reform | 1 | 18 | 48 |
| Tax differential on foreign income | (11) | (9)* | (26) |
| Intra-entity transfers | 0 | 0 | (5) |
| Domestic incentives | (2) | (3)* | (2) |
| State and local | (1) | (1) | 1 |
| Other | (1) | (3) | (2) |
| **Effective rate** | 7% | 23% | 49% |

* Reclassified to conform to 2019 presentation.
Percentages rounded for disclosure purposes.

The significant components reflected within the tax rate reconciliation labeled "Tax differential on foreign income" include the effects of foreign subsidiaries' earnings taxed at rates other than the U.S. statutory rate, foreign export incentives, U.S. taxes on foreign income and any net impacts of intercompany transactions. These items also reflect audit settlements or changes in the amount of unrecognized tax benefits associated with each of these items.

On December 22, 2017, the U.S. Tax Cuts and Jobs Act was enacted. U.S. tax reform introduced many changes, including lowering the U.S. corporate tax rate to 21 percent, changes in incentives, provisions to prevent U.S. base erosion and significant changes in the taxation of international income, including provisions which allow for the repatriation of foreign earnings without U.S. tax. The enactment of U.S. tax reform resulted in charges to tax expense of $0.1 billion, $2.0 billion and $5.5 billion for the years ended December 31, 2019, 2018 and 2017, respectively. The charge in 2017 was the result of the one-time U.S. transition tax and any foreign tax costs on undistributed foreign earnings, as well as the remeasurement of deferred tax balances to the new U.S. federal tax rate. In 2018, the charge was primarily attributable to the company's election to include GILTI in measuring deferred taxes, plus refinements to the one-time U.S. transition tax and foreign tax costs on undistributed foreign earnings. The charge in 2019 was related to additional tax reform guidance issued by the U.S. Treasury in January 2019.