

ADVANCED ENERGY INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (continued)
(in thousands, except per share amounts)

the case of the interest expense limitation amount, no expiration period. The majority of the foreign jurisdiction, and \$4.6 million of the federal net operating loss carry forwards, have no expiration period.

We operate under a tax holiday in one of our foreign jurisdictions. This tax holiday is in effect through June 30, 2027. The tax holiday is conditional upon our meeting certain employment and investment thresholds. The impact of the tax holiday decreased foreign taxes by \$4.0 million and \$17.8 million for 2019 and 2018, respectively. The benefit of the tax holiday on earnings per diluted share was \$0.12 and \$0.47 for 2019 and 2018, respectively.

In the third quarter of 2019, following a review of our operations, liquidity and funding, tax implications of cash repatriation, political risk, and investment opportunities, we determined that the ability to access certain amounts of foreign earnings that were previously indefinitely reinvested would provide greater investment returns, treasury controls, and other working capital needs if repatriated to the U.S. Accordingly, in the third quarter of 2019, we withdrew the permanent reinvestment assertion on \$123.9 million of earnings generated by certain of our operations through December 2018. Resulting from this change in permanent reinvestment assertion, the Company recorded a deferred tax liability of \$2.9 million related to withholding and state income taxes.

There is no certainty as to the timing of when such foreign earnings will be distributed to the United States in whole or in part.

Certain foreign subsidiary earnings are subject to U.S. taxation under the U.S. Tax Act, which also repeals U.S. taxation on the subsequent repatriation of those earnings. We have not provided for U.S. state or foreign income taxes on \$26.5 million of our subsidiaries' undistributed earnings as of December 31, 2019. The \$26.5 million of undistributed foreign earnings continue to be reinvested in our foreign operations, as we have determined that these earnings are necessary to support our planned growth and strategic acquisitions in our foreign operations, and as a result, these earnings remain indefinitely reinvested in those operations. In making this decision, we considered cash needs for investing in our existing businesses, currency controls, and the tax cost of cash repatriation. Determination of the amount of unrecognized deferred income tax liability related to these earnings is not practicable.

We account for uncertain tax positions by applying a minimum recognition threshold to tax positions before recognizing these positions in the financial statements. The reconciliation of our total gross unrecognized tax benefits is as follows:

	Years Ended December 31,		
	2019	2018	2017
Balance at beginning of period	\$ 13,162	\$ 15,990	\$ 11,401
Additions based on tax positions taken during a prior period	484	94	1,258
Additions based on tax positions taken during a prior period - acquisitions.	4,479	757	—
Additions based on tax positions taken during the current period	—	—	4,433
Reductions based on tax positions taken during a prior period	(4,295)	(153)	—
Reductions related to a lapse of applicable statute of limitations	(821)	(3,144)	(1,102)
Reductions related to a settlement with taxing authorities	—	(382)	—
Balance at end of period	<u>\$ 13,009</u>	<u>\$ 13,162</u>	<u>\$ 15,990</u>

The unrecognized tax benefits of \$13.0 million, if recognized, will impact the Company's effective tax rate. In accordance with our accounting policy, we recognize accrued interest and penalties related to unrecognized tax benefits as a component of tax expense. We had \$3.0 million and \$1.2 million of accrued interest and penalties at December 31, 2019 and 2018, respectively. We expect the total amount of tax contingencies will decrease by approximately \$3.5 million in 2020 based on statute of limitation expiration.

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With few exceptions, the Company is no longer subject to federal, state or foreign income tax examinations by tax authorities for years before 2016.

NOTE 6. EARNINGS PER SHARE

Basic earnings per share (“EPS”) is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding during the period. The computation of diluted EPS is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding (using the if-converted and treasury stock methods), if our outstanding stock options and restricted stock units had been converted to common shares, and if such assumed conversion is dilutive.

The following is a reconciliation of the weighted-average shares outstanding used in the calculation of basic and diluted earnings per share for the years ended December 31, 2019, 2018 and 2017:

	Years Ended December 31,		
	2019	2018	2017
Income from continuing operations	\$ 56,495	\$ 147,149	\$ 136,101
Income from continuing operations attributable to noncontrolling interest	34	86	—
Income from continuing operations attributable to Advanced Energy Industries, Inc.	<u>\$ 56,461</u>	<u>\$ 147,063</u>	<u>\$ 136,101</u>
Basic weighted-average common shares outstanding.	38,281	39,081	39,754
Assumed exercise of dilutive stock options and restricted stock units	214	271	422
Diluted weighted-average common shares outstanding	<u>38,495</u>	<u>39,352</u>	<u>40,176</u>
Continuing operations:			
Basic earnings per share	\$ 1.47	\$ 3.76	\$ 3.42
Diluted earnings per share	\$ 1.47	\$ 3.74	\$ 3.39

The following stock options and restricted units were excluded in the computation of diluted earnings per share because they were anti-dilutive:

	Years Ended December 31,		
	2019	2018	2017
Restricted stock units	—	2	—

Share Repurchase

In September 2015, our Board of Directors authorized a program to repurchase up to \$150.0 million of our common stock over a thirty-month period. In November 2017, our Board of Directors approved an extension of the share repurchase program to December 2019 from its original maturity of March 2018. In May 2018, our Board of Directors approved a \$50 million increase in its authorization to repurchase shares of our common stock under this same program.

On December 18, 2019, the Board of Directors authorized to remove the expiration date to the Company’s share repurchase program and increase the authorized amount by \$25.1 million. As of December 31, 2019, the Company is authorized to repurchase shares of the Company’s common stock of up to a total of \$50.0 million.