

The Company has recorded a full valuation allowance against its otherwise recognizable US, UK, New Zealand, Hong Kong, and Brazil deferred income tax assets as of December 31, 2019. Management has determined, after evaluating all positive and negative historical and prospective evidence, that it is more likely than not that these assets will not be realized. The net (decrease) increase to the valuation allowance of \$(0.1) million, \$(1.5) million, and \$6.8 million for the years ended December 31, 2019, 2018, and 2017, respectively, was primarily due to additional net operating losses generated by the Company.

Deferred income taxes have not been provided on the undistributed earnings of the Company's foreign subsidiaries because the Company's practice and intent is to permanently reinvest these earnings. The cumulative amount of such undistributed earnings was \$5.3 million and \$3.1 million at December 31, 2019 and December 31, 2018, respectively. Any future distribution of these non-US earnings may subject the Company to state income taxes, as adjusted for tax credits, and foreign withholding taxes that the Company estimates would be \$0.1 million and \$0.1 million at December 31, 2019 and 2018, respectively.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Balance at January 1	\$ 1,402	\$ 1,271	\$ 276
Increases for tax positions related to the current year	—	131	995
Decreases for tax positions related to the current year	(1,402)	—	—
Balance at December 31	\$ —	\$ 1,402	\$ 1,271

The provision for uncertain tax positions relates to business in territories outside of the US.

The Company's policy is to classify interest and penalties on uncertain tax positions as a component of tax expense. The Company does not expect the change in uncertain tax positions to have a material impact on its financial position, results of operations, or liquidity.

The Company is subject to US federal income tax as well as to income tax in multiple state and foreign jurisdictions, including the UK. Federal income tax returns of the Company are subject to IRS examination for the 2016 through 2019 tax years. State income tax returns are subject to examination for the 2015 through 2019 tax years.

Currently, an audit is occurring in the United Kingdom for the year ended December 31, 2017. There are no ongoing audits in any other significant foreign tax jurisdictions.