

**KEMET CORPORATION AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**

The components of deferred tax assets and liabilities are as follows (amounts in thousands):

	March 31,	
	2019	2018
Deferred tax assets:		
Net operating loss carry forwards	\$ 78,986	\$ 115,064
Sales allowances and inventory reserves	10,967	9,675
Medical and employee benefits	35,298	38,572
Depreciation and differences in basis	5,318	6,241
Accrued restructuring	469	2,551
Anti-trust fines and settlements	910	16,575
Tax credits	3,394	4,208
Stock-based compensation	5,589	1,765
Other <sup>(1)</sup>	1,342	2,812
Total deferred tax assets before valuation allowance	142,273	197,463
Less valuation allowance	(58,658)	(171,401)
Total deferred tax assets	83,615	26,062
Deferred tax liabilities:		
Unremitted earnings of subsidiaries	(21,850)	(11,678)
Amortization of intangibles and debt discounts	(11,996)	(14,054)
Non-amortized intangibles	(1,551)	(1,551)
Total deferred tax liabilities	(35,397)	(27,283)
Net deferred tax assets (liabilities)	\$ 48,218	\$ (1,221)

<sup>(1)</sup> March 31, 2018 adjusted due to the adoption of ASC 606.

The following table presents the annual activities included in the deferred tax valuation allowance (amounts in thousands):

	Valuation Allowance for Deferred Tax Assets
Balance at March 31, 2016	\$ 170,917
Charge (benefit) to costs and expenses	(2,094)
Deductions	(4,925)
Balance at March 31, 2017	163,898
Charge to costs and expenses	8,647
Deductions	(1,144)
Balance at March 31, 2018	171,401
Charge (benefit) to costs and expenses	(112,080)
Deductions	(663)
Balance at March 31, 2019	\$ 58,658

In fiscal year 2019, the valuation allowance decreased \$112.7 million, of which \$44.9 million related to a valuation allowance decrease for the foreign group and \$67.8 million related to a valuation allowance decrease for the U.S. group. The \$44.9 million decrease in valuation allowance related to the foreign group primarily is comprised of a \$35.5 million decrease related to changes in temporary differences and net operating utilizations and a \$5.5 million release in valuation allowance. The \$67.8 million decrease in the valuation allowance related to the U.S. group primarily is comprised of a \$26.9 million decrease related to utilization of net operating loss carryforwards and a \$44.2 million release in valuation allowance.