

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Deferred Tax Assets and Liabilities

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. The components of the net deferred income tax asset were as follows:

	Fiscal Year End	
	2019	2018
	(in millions)	
Deferred tax assets:		
Accrued liabilities and reserves	\$ 245	\$ 255
Tax loss and credit carryforwards	6,041	3,237
Inventories	43	58
Intangible assets	964	—
Pension and postretirement benefits	248	179
Deferred revenue	4	5
Interest	134	30
Unrecognized income tax benefits	7	8
Basis difference in subsidiaries	—	946
Other	8	13
Gross deferred tax assets	7,694	4,731
Valuation allowance	(4,970)	(2,191)
Deferred tax assets, net of valuation allowance	2,724	2,540
Deferred tax liabilities:		
Intangible assets	—	(552)
Property, plant, and equipment	(57)	(13)
Other	(47)	(38)
Total deferred tax liabilities	(104)	(603)
Net deferred tax assets	\$ 2,620	\$ 1,937

Our tax loss and credit carryforwards (tax effected) at fiscal year end 2019 were as follows:

	Expiration Period			
	Fiscal 2025			
	Through	Through	No	Total
	Fiscal 2024	Fiscal 2039	Expiration	
	(in millions)			
U.S. Federal:				
Net operating loss carryforwards	\$ 128	\$ 359	\$ 41	\$ 528
Tax credit carryforwards	42	123	—	165
Capital loss carryforwards	1	—	—	1
U.S. State:				
Net operating loss carryforwards	50	39	—	89
Tax credit carryforwards	8	13	3	24
Non-U.S.:				
Net operating loss carryforwards	12	3,437	1,756	5,205
Tax credit carryforwards	—	—	1	1
Capital loss carryforwards	—	2	26	28
Total tax loss and credit carryforwards	\$ 241	\$ 3,973	\$ 1,827	\$ 6,041

The valuation allowance for deferred tax assets of \$4,970 million and \$2,191 million at fiscal year end 2019 and 2018, respectively, related principally to the uncertainty of the utilization of certain deferred tax assets, primarily tax loss, capital loss, and credit carryforwards in various jurisdictions. During fiscal 2019, tax loss and carryforwards increased primarily as a result of a \$2,891 million (tax effected) net write-down of investments in subsidiaries in certain jurisdictions,