

State	—	—	(161)
Foreign	—	—	—
Total deferred provision for income taxes	—	—	(2,664)
Total provision for income taxes	\$ —	\$ 513	\$ 1,440

The following is a reconciliation of the statutory federal income tax rate to the Company's effective tax rate:

	Balance at December 31,		
	2012	2013	2014
Tax at federal statutory rate	34.0%	34.0%	34.0%
State taxes, net of federal benefit	—	—	(0.1)
Foreign rate differential	—	(9.0)	(1.5)
Nondeductible expenses	—	(1.0)	(1.8)
Credits	—	3.0	2.7
Other items	—	—	0.7
Change in valuation allowance	(34.0)	(27.0)	(35.0)
Total	—%	—%	(1.0)%

F-30

Table of Contents

The tax effects of temporary differences and related deferred tax assets and liabilities are as follows (in thousands):

	Balance at December 31,		
	2012	2013	2014
Deferred tax assets:			
Capitalized costs	\$ 416	\$ 468	\$ 28,102
Accrued expenses	2,498	5,746	19,714
Net operating loss carryforwards	47,565	53,505	54,528
Tax credit carryforwards	1,493	7,699	11,662
Depreciation and amortization	—	2,381	—
Share-based compensation	2,981	5,085	13,153
Other	—	—	542
Total deferred tax assets	54,953	74,884	127,701
Valuation allowance	(54,943)	(74,884)	(125,368)
Total deferred tax assets, net of valuation allowance	10	—	2,333
Deferred tax liabilities:			
Property, equipment and intangible assets	(10)	—	(2,333)
Total deferred tax liabilities	(10)	—	(2,333)
Net deferred tax assets	\$ —	\$ —	\$ —

Realization of deferred tax assets is dependent upon the generation of future taxable income, the timing and amount of which are uncertain. Due to the history of losses the Company has generated in the past, the Company believed as of December 31, 2014 that it is more likely than not that its deferred tax assets would not be realized. Accordingly, the Company retained a full valuation allowance on its deferred tax assets. The amount of deferred tax assets considered realizable in future periods may change as management continues to reassess the underlying factors it uses in estimating future taxable income.

The valuation allowance increased by approximately \$34.0 million, \$19.9 million, and \$50.5 million during the years ended December 31, 2012, 2013, and 2014, respectively.

As of December 31, 2014, the Company had \$45.7 million of federal, \$123.3 million of state, and \$31.3 million of foreign net operating loss carryforwards, which will begin to expire in 2032 for federal and 2019 for state tax purposes. The foreign net operating loss carryforwards do not expire.

The benefit of stock options will only be recorded to stockholders' equity when cash taxes payable is reduced. As of December 31, 2014, approximately \$62.3 million of net operating loss is attributable to certain employee stock option deductions.