The Company used interest rate swap agreements to hedge the variability in cash flows due to changes in benchmark interest rates related to a portion of the U.S. debt the Company issued to fund the GE Biopharma Acquisition. The interest rate swap agreements are agreements in which the Company agrees to pay a fixed interest rate based on the rate specified in the agreement in exchange for receiving a floating interest rate from a third-party bank based upon a specified benchmark interest rate. In June 2019, the Company entered into interest rate swap agreements with a notional amount of $850 million. These contracts, which were settled in November 2019, effectively fixed the interest rate for a portion of the Company's U.S. dollar-denominated debt issued in November 2019 equal to the notional amount of the swaps to the rate specified in the interest rate swap agreements. The changes in the fair value of these instruments resulting from the changes in interest rates were recorded as a loss of $38 million in accumulated other comprehensive income (loss) in stockholders' equity prior to the issuance of the debt and are subsequently being reclassified to interest expense over the life of the related debt.

INCOME TAXES

General

Income tax expense and deferred tax assets and liabilities reflect management's assessment of future taxes expected to be paid on items reflected in the Company's Consolidated Financial Statements. The Company records the tax effect of discrete items and items that are reported net of their tax effects in the period in which they occur.

The Company's effective tax rate can be affected by changes in the mix of earnings in countries with different statutory tax rates (including as a result of business acquisitions and dispositions), changes in the valuation of deferred tax assets and liabilities, accruals related to contingent tax liabilities and period-to-period changes in such accruals, the results of audits and examinations of previously filed tax returns (as further discussed below), the expiration of statutes of limitations, the implementation of tax planning strategies, tax rulings, court decisions, settlements with tax authorities and changes in tax laws and regulations, such as the TCJA and legislative policy changes that may result from the OECD's initiative on Base Erosion and Profit Shifting. For a description of the tax treatment of earnings that are planned to be reinvested indefinitely outside the United States, refer to "—Liquidity and Capital Resources—Cash and Cash Requirements" below.

The amount of income taxes the Company pays is subject to ongoing audits by federal, state and foreign tax authorities, which often result in proposed assessments. Management performs a comprehensive review of its global tax positions on a quarterly basis. Based on these reviews, the results of discussions and resolutions of matters with certain tax authorities, tax rulings and court decisions and the expiration of statutes of limitations, reserves for contingent tax liabilities are accrued or adjusted as necessary. For a discussion of risks related to these and other tax matters, refer to "Item 1A. Risk Factors".

On December 22, 2017, the TCJA was enacted, substantially changing the U.S. tax system. Under the SEC Staff Accounting Bulletin No. 118 ("SAB No. 118") guidance, for the year ended December 31, 2017, the Company recorded provisional amounts in earnings for the enactment of the TCJA and during 2018, the Company completed its accounting for the TCJA based on the Company's interpretation of the new tax regulations and related guidance issued by the U.S. Department of the Treasury and the IRS.

The TCJA imposes tax on U.S. shareholders for global intangible low-taxed income ("GILTI") earned by certain foreign subsidiaries. The Company has elected the period cost method for its accounting for GILTI.

Due to the complexity and recent issuance of these tax regulations, management's interpretations of the impact of these rules could be subject to challenge by the taxing authorities.

Year-Over-Year Changes in the Tax Provision and Effective Tax Rate

	Year Ended December 31		
	2019	2018	2017
Effective tax rate from continuing operations	26.4%	18.8%	14.6%

The Company's effective tax rate for 2019, 2018 and 2017 differs from the U.S. federal statutory rates of 21.0% in 2019 and 2018 and 35.0% in 2017, due principally to the Company's earnings outside the United States that are indefinitely reinvested and taxed at rates different than the U.S. federal statutory rate. In addition:

- The effective tax rate of 26.4% in 2019 includes 650 basis points of net tax charges related primarily to changes in estimates associated with prior period uncertain tax positions, audit settlements, and Envista Disposition costs, net of the release of reserves for uncertain tax positions due to the expiration of statutes of limitation, release of valuation