



FOR IMMEDIATE RELEASE

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## **INVERSION WOULD FURTHER REDUCE PFIZER'S HIGHLY-ADVANTAGED AND FALSELY REPORTED TAX RATE**

*New Report shows Pfizer's effective tax rate was just 7.5% last year, not the 25.5% it reported. Inversion would further lower this rate for a corporation that receives billions in taxpayer-funded contracts from the United States*

**Washington, D.C.** – A [new report by Americans for Tax Fairness](#) finds Pfizer has dramatically overstated its corporate tax rate, removing the key rationale Pfizer is giving for its latest attempt at a corporate inversion. An inversion would have the company desert America for a tax haven to dodge paying its fair share of taxes.

The company's leaders say they believe Pfizer's worldwide effective tax rate—which was reported as 25.5% in 2014—could be sharply reduced if the corporation's legal address is shifted to Ireland through an inversion combination with Allergan. But ATF's new report estimates that Pfizer's effective tax rate on its worldwide income was just 7.5% last year (a finding also reported in [The Wall Street Journal](#) on Nov. 8, 2015), and an average of 6.4% over the last five years. These findings are in contrast to the 24% average between 2010 and 2014 reported by the company.

The ATF report ([available here](#)) finds that Pfizer may be paying what are effectively tax-haven tax rates on its worldwide profits.

“Despite its self-serving claims, Pfizer is not at a competitive disadvantage operating under the U.S. tax system,” said Americans for Tax Fairness Executive Director Frank Clemente. “If anything, Pfizer is highly advantaged. An inversion would lock in these current advantages and extend them further, giving Pfizer an even bigger unwarranted tax edge against other American companies that are paying their fair share.”

“With an inversion, Pfizer essentially would continue to enjoy all the benefits of being an American corporation but not pay the taxes required for that privilege. Pfizer would not pay its fair share for its educated workforce, its use of our transportation systems, the protections provided by our strong judicial, banking and regulatory systems, and so much more that makes America one of the top countries in the world in which to do business,” Clemente said.

Other key findings in the ATF report include:

- **Pfizer had as much as \$148 billion in profits parked offshore at the end of 2014, on which it has paid no U.S. income taxes.** It only reported \$74 billion in profits offshore to the Securities and Exchange Commission.
- **Pfizer reported losing more than \$16 billion in the United States from 2010 through 2014, while it earned \$78 billion offshore.** This is a major feat that is likely attributable to major shifting of U.S. profits to its 151 subsidiaries in 10 tax havens. Pfizer had 38% of its sales and 48% of its assets in the U.S. in 2014.
- **Pfizer pocketed \$5.3 billion in federal contracts between 2010 and 2014,** while benefitting from very low effective tax rates those years. About 5% of Pfizer’s \$20 billion annual U.S. revenue is from the federal government, yet Pfizer may desert America for a tax haven through an inversion.
- A primary rationale Pfizer gives for wanting to do an inversion is to have more R&D money. But Pfizer’s accumulation of \$74 billion in offshore profits while it increased R&D spending suggests that the increase in Pfizer’s offshore profits – which it falsely claims are “stuck” overseas – and the U.S. corporate tax rate are **not stifling new investment and prescription drug discoveries.**
- **Congress can pass legislation that would prevent Pfizer from doing an inversion with Allergan** in order to take advantage of the low tax rates in the tax haven of Ireland.

“Pfizer continues to prove it is one of America’s worst tax dodgers, yet it continues to benefit from the hard work and dollars of American taxpayers. Congress should act to keep Pfizer from deserting the United States and further cheating the American people,” Clemente said.

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*Americans for Tax Fairness is a diverse coalition of [425 national and state endorsing organizations](#) that collectively represent tens of millions of members. The organization was formed on the belief that the country needs comprehensive, progressive tax reform that results in greater revenue to meet our growing needs. ATF is playing a central role in Washington and in the states on federal tax-reform issues.*

#### **PRESS CONTACT**

Ron Eckstein, Communications Director, Americans for Tax Fairness

[reckstein@americansfortaxfairness.org](mailto:reckstein@americansfortaxfairness.org)

(202) 454-6198 (o)

(917) 921-1212 (m)

1825 K Street NW, Suite 400, Washington, D.C. 20006

(202) 587-1651

[www.americansfortaxfairness.org](http://www.americansfortaxfairness.org)