Pfizer

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CORPORATE TAX DODGER

Pfizer is the world's largest drug company. It knows the prescription for avoiding taxes and for staying in business despite a decades-long record of fraud, bribery, and illegal marketing of its products.

- **Pfizer paid no U.S. income taxes from 2010 to 2012 while earning $43 billion worldwide. It did this in part by performing accounting acrobatics to shift its U.S. profits offshore. Instead, it received $2.2 billion in federal tax refunds.**
- **Pfizer had $73 billion in profits parked offshore at the end of 2012, on which it paid no U.S. income taxes.**
- **While dodging paying its fair share of federal income taxes, Pfizer pocketed $3.4 billion in taxpayer-funded contracts from Uncle Sam between 2010 and 2012.**
- **When the U.S. government offered companies a deal of deep tax discounts on offshore profits they brought back home and invested in job creation, Pfizer took the $10 billion in tax savings and within a year laid off 10,000 American workers.**
- **When Pfizer was convicted of a corporate felony that would bar it from selling drugs to Medicare, the company used a loophole to get a dormant subsidiary to pay the fine for Pfizer's crime, allowing the company to continue to benefit from government contracts.**

PFIZER'S TAX AVOIDANCE RX: HIDE PROFITS OFFSHORE

Pfizer has 40% of its sales and 50% of its assets in the United States, the largest and most lucrative drug market in the world. And yet the firm claims to have not made a profit here since 2007. Pfizer reported more than $9 billion in losses in the United States from 2010 to 2012, while earning more than $43 billion in profits in the rest of the world, according to its Securities and Exchange Commission (SEC) filings. It received $2.2 billion in federal tax refunds over the three-year period.

Like many companies with valuable patents and trademarks, Pfizer takes that intellectual property and registers it in a foreign tax haven that doesn't tax corporate income. When a customer buys Pfizer's pills in the United States, the company sends a significant portion of the purchase price to the tax haven subsidiary to pay for the use of the patent. The profit from the sale winds up in the tax haven, while the costs of management, research, marketing, and sales remain in the United States, leaving Pfizer's domestic operations with large losses.

Last year, the SEC launched an inquiry into how Pfizer could generate 40% of its sales here and yet not report any U.S. profits for four straight years. Pfizer responded by promising better disclosure and then, months later, announced large U.S. losses – for the fifth year.

Pfizer had $73 billion in profits parked offshore at the end of 2012, a $10 billion increase over 2011, on which it paid no U.S. income taxes. In 2004, Pfizer was the biggest beneficiary of the American Jobs Creation Act, which offered corporations a deeply discounted 5.25% tax rate on corporate profits stashed overseas that they brought back (repatriated) to the United States. Companies were to invest the windfalls from this "tax holiday" in creating new American jobs. Pfizer brought home $37 billion and pocketed more than $10 billion in tax savings. Within two years of the windfall, Pfizer had laid off 10,000 workers. Unashamed, Pfizer led the charge for another repatriation tax holiday as a lead member of the 2011 WIN America campaign, an effort by multinational corporations that folded after less than a year.

WHILE DODGING FEDERAL TAXES, PFIZER POCKETS LUCRATIVE FEDERAL GOVERNMENT CONTRACTS

Pfizer raked in $3.4 billion in federal contracts from 2010 to 2012, according to the federal government, putting the company in the top 70 top contractors each year.

PFIZER BENEFITS FROM TAXPAYER-FUNDED RESEARCH LABS

Pfizer, and its drug company peers, benefit more than most companies from government services, especially the taxpayer-funded National Institutes of Health. A recent controversy has emerged as Pfizer prepares to launch its hot new drug Xeljanz to treat arthritis. The active ingredient for Xeljanz was discovered by a government scientist in the mid-1990s and given to Pfizer for further development and licensing. Now Pfizer proposes to sell the drug for nearly $25,000 per patient per year. Several members of Congress have cried foul, questioning where's the taxpayers' return for their investment in the success of Xeljanz?

PFIZER, A CORPORATE FELON, CONTINUES TO DO BUSINESS WITH MEDICARE AND MEDICAID

Federal law is clear: Medicare and Medicaid cannot do business with corporate criminals. Over the last decade, Pfizer has admitted guilt in three high-profile cases that have included Medicare fraud, overseas bribery of physicians, and the illegal marketing of its products. In the last case, which was resolved in 2009, Pfizer was convicted of a felony for telling doctors that its painkiller Bextra was safe at doses twice the level approved by the Food and Drug Administration. Pfizer pulled the drug from the market and paid a $2.1 billion fine. In order to be allowed to continue to sell drugs to the government, Pfizer pulled another loophole from its bag of tricks: getting one of its dormant subsidiaries – one that has never sold any drugs – to accept the conviction and pay the fine. That subsidiary can no longer sell drugs to Medicare, but Pfizer can. As CNN described the situation: it's like having your imaginary friend do the time for your crime, while you walk free.

PFIZER LEADS THE CHARGE FOR CORPORATE TAX CUTS AND SOCIAL SECURITY BENEFIT CUTS

Pfizer CEO Ian Read is a member of the Business Roundtable, which is calling for corporate tax cuts and an increase in the Social Security retirement age from 67 to 70 – a benefit cut of about 20%. That's easy for Read to promote since his $49 million Pfizer retirement account would deliver him a monthly retirement check of more than $275,000 from the time he is 65. That's 275 times what the average Social Security retiree gets now which is just $1,265 a month.

Pfizer is also a founding member of Washington's newest corporate tax-reduction coalition, Let's Invest for Tomorrow (LIFT), which is fighting for a "territorial tax system." That would allow corporate offshore profits to be forever U.S. tax-free, thereby encouraging the shipment of profits and jobs overseas.

Pfizer spent $10.4 million lobbying Congress in 2012 and nearly $131 million since 1999, according to OpenSecrets.org. Taxes were its second-highest lobbying priority in 2012.

WHO SAYS CUTTING TAXES CREATES JOBS? NOT PFIZER

Since 2004, Pfizer has slashed more than 70,000 jobs worldwide, with 19,100 of those cuts coming in the last two years when it was paying no federal income taxes.

Methodology: Sources for corporate income taxes, employment and executive compensation are explained here. http://www.americansfortaxfairness.org/baseball-methodolgy/.