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Contact: Jack Pfeiffer, 202-641-8574

jpfeiffer@americansfortaxfairness.org

WILL TRUMP'S SPEECH ON PHARMA LEAD TO MORE THAN TOUGH TALK?

Washington, D.C. – This week, President Trump will deliver a speech with more [tough talk](#) about pharmaceutical corporations “[getting away with murder](#),” but instead of holding Big Pharma accountable for price gouging and offshore tax avoidance, Trump and the GOP recently rewarded these companies with massive tax breaks. [Americans for Tax Fairness has released a new report](#) highlighting the many ways big pharmaceutical companies benefited from the new tax law and how patients and public health programs got no price cuts in return.

“President Trump has talked tough in the past about reining in sky-high prescription drug prices, just like he talked tough about how his tax cuts will only benefit the middle-class and make wealthy people like himself pay a lot more in taxes,” said Frank Clemente, executive director of Americans for Tax Fairness. “Instead, Trump’s tax law is letting Big Pharma rack up billions in tax breaks, but its sharing little with its workers and nothing with consumers in price cuts. We hope the president remains true to his word about controlling drug prices rather than caving in to the drug lobby.”

Following is a summary of the findings from [BAD MEDICINE: How GOP Tax Cuts Are Enriching Drug Companies, Leaving Workers & Patients Behind](#):

THE PHARMA BIG 10 ARE SAVING BILLIONS IN TAXES

- **Five of the Pharma Big 10 (the only corporations for which tax cut estimates have been publicly released) could save more than \$6.3 billion in taxes in 2018 alone.**
- **The Pharma Big 10 will save \$76 billion in taxes on their offshore profits alone.** The 10 firms had \$506 billion in untaxed profits offshore in 2017, on which they owed nearly \$134 billion under previous law. Under the Trump-GOP tax regime they will owe only about \$57 billion—a tax savings of \$76 billion—and they can stretch their tax payments over eight years.

THEY ARE SHARING LITTLE TAX SAVINGS WITH WORKERS AND CONSUMERS

- **Only two of the Pharma Big 10, Pfizer and Merck, have announced any quantifiable sharing of tax savings with existing employees through bonuses, wage hikes or fringe benefit**

improvements. They are providing one-time bonuses worth a total of \$169 million. The industry's estimated \$6.3 billion in 2018 tax cuts is **37 times more** than what drug companies are giving workers. (AbbVie has announced it would “enhance compensation” but offered no details.)

- **None of the other seven corporations—Johnson & Johnson, Eli Lilly, Gilead Sciences, Amgen, Bristol-Myers Squibb, Celgene and Biogen—has announced plans to share their tax-cut wealth with employees.** However, many of these “Corporate Cheapskates” are doing share buybacks that will primarily benefit the wealthy, including their own CEOs.
- **The Pharma Big 10's CEOs received total compensation in 2017 that ranged from 94 to 452 times what the typical worker received.** For most of the companies, the CEO made over 100 times more than the typical worker; Johnson & Johnson's CEO made 452 times more.
- **Unlike utility companies, none of the Pharma Big 10 has announced any plans to use their tax savings to reduce prescription drug prices despite huge price hikes in recent years.** An AARP analysis found that the prices of 268 brand name drugs increased at least 15% a year from 2013 to 2015, the most recent data available. A recent ATF report found retail prices for a sample of leading American drugs had soared by 40% to 70%, or up to 14 times the rate of inflation, between 2011-2015. ATF found that over that same period profits for the Pharma Big 10 rose by almost 40%.

MOST OF THE TAX SAVINGS ARE GOING TO CEOS AND WEALTHY SHAREHOLDERS

- **Five Pharma Big 10 firms have announced a total of \$45 billion in stock buybacks since late 2017.** That's **266 times more** than the \$169 million in announced worker bonuses. Stock buybacks overwhelmingly benefit wealthy shareholders, including top executives and foreign investors.
- **Pfizer is getting a nearly \$1.1 billion tax cut, which is 11 times more than the \$100 million in one-time worker bonuses it attributes to the new tax law.** Its tax rate will be just 17% in 2018. Pfizer has authorized spending \$10 billion on stock buybacks this year—**100 times more** than it is sharing in bonuses—and raised its dividend by 6%.
- **Merck promised employees one-time bonuses estimated at \$69 million, but it's receiving 39 times more in tax cuts—\$2.7 billion—in 2018 alone.** The company is also buying back \$10 billion in stock—**145 times more** than it is spending on bonuses.
- **AbbVie's estimated tax cut is \$1.3 billion in 2018—its resulting tax rate will be just 9%, lower than that of many working families.** While AbbVie has said it will “enhance non-executive employee compensation,” it has not said by how much or for how many workers.