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FOR IMMEDIATE RELEASE

## **BLOCKBUSTER MERGER, STOCK BUYBACKS: HOW BIG PHARMA IS USING ITS TRUMP-GOP TAX CUTS**

***Rx Industry's Share Repurchases Hit \$73 Billion Since Tax Law Passed  
While Drug Prices Continue to Surge***

WASHINGTON, D.C. – The [recently announced \\$74 billion merger](#) between drug industry giants Bristol-Myers Squibb (BMS) and Celgene highlights how pharmaceutical companies are using their massive Trump-GOP tax cuts: to further enrich their shareholders and CEOs, rather than generally boost industry wages or lower sky-high drug prices for consumers.

Bristol-Myers Squibb, the manufacturer of the blood thinner Coumadin, [said last Thursday](#) it plans to buy Celgene, the maker of a leading cancer treatment Revlimid, for \$74 billion, combining two of the leading manufacturers of oncology drugs. The two companies could save a combined \$7 billion in U.S. taxes on a combined \$39 billion in accumulated offshore profits, thanks to the so-called Tax Cuts and Jobs Act (TCJA) passed a year ago, according to estimates by [American for Tax Fairness](#).

How much the companies will save in addition each year on their domestic profits due to the TCJA has not been announced, but the new law cut the regular corporate tax rate by 40%.

The BMS-Celgene deal—the 4<sup>th</sup> largest in Big Pharma history—is another example of big corporations using the GOP tax cut to reward stock market investors. Big drug firms have also celebrated their tax cuts by buying back their own stock, a Wall Street maneuver that artificially inflates share prices.

Collectively, drug companies have announced nearly \$73 billion in share buybacks since the tax law passed in December 2017, according to Americans for Tax Fairness [see table]. Stock buybacks mostly enrich the already wealthy, including CEOs: the wealthiest 10% of American households [own 84% of all corporate shares](#), the top 1% own 40%. About [one-half of households](#) own no stock.

Even as drug companies are enjoying huge tax windfalls, they're offering no relief to the beleaguered customers of their high-priced products. Instead, as the new year began, dozens of pharmaceutical firms announced plans to [raise prices on hundreds of drugs](#) by an average of 6.3%, nearly [three times the inflation rate](#) over the past year.

The day before the BMS-Celgene deal was announced, [Celgene hiked the prices of four of its leading drugs](#) by 3.5%.

One particularly egregious price gouger is Allergan, which plans to raise prices on over 50 products by between roughly 5-10%. Profits from those higher prices, along with the company's tax savings, will flow to shareholders: earlier this year, the Irish-based drug maker announced plans to [buy back \\$2 billion of its own stock](#).

In addition to cutting the regular corporate tax rate from 35% to 21%, the new law [taxes future foreign profits of American firms at about half the domestic rate](#). And, the U.S. tax rate on accumulated offshore profits was slashed even further, from 35% to just 15.5% on cash and a mere 8% on non-cash assets.

As their taxes have fallen, drug company profits have ballooned. According to an analysis by the [Wall Street Journal](#), the 10 biggest U.S. drugmakers reported their income-tax expenses fell 24% for the first nine months of 2018 while their profits rose nearly 9% to nearly \$60 billion, despite a 1% decline in sales. One company, AbbVie, maker of the top-selling drug Humira, saw its effective tax rate drop from 20% to just 1%. That huge tax cut helped fuel a 43% increase in AbbVie's net income and undoubtedly inspired plans to [buy back \\$15 billion of its own stock](#).

"Whether they're buying back their own stock or buying each other, Big Pharma is pumping its huge tax cuts into Wall Street, not Main Street," said Frank Clemente, executive director of Americans for Tax Fairness. "Instead of lowering their outrageous prices or offering meaningful pay hikes for workers, drug companies are using their Trump-GOP tax cuts to reward their already wealthy shareholders and CEOs. That's the legacy of the Trump-GOP tax scam."

#### **Pharmaceutical companies announcing stock buybacks since passage of the Tax Cut and Jobs Act:**

AbbVie	\$15 billion
Amgen	\$10 billion
Pfizer	\$10 billion
Merck	\$10 billion
Eli Lilly	\$8 billion
Celgene	\$8 billion
Johnson & Johnson	\$5 billion
Biogen	\$3.5 billion
Allergan	\$2 billion
Vertex	\$500 million
Allscripts Healthcare Solutions, Inc.	\$250 million
Syneos	\$250 million
Ligand Pharmaceuticals	\$200 million
Emergent Biosolutions	\$50 million
Avadel Pharmaceuticals	\$7 million
<b>TOTAL</b>	<b>\$72.8 BILLION</b>

Source: [Americans for Tax Fairness stock buybacks database](#)

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