

## Notes to Consolidated Financial Statements

Pfizer Inc. and Subsidiary Companies

accrued interest totaled \$493 million as of December 31, 2020 (reflecting a decrease of \$5 million as a result of cash payments and a decrease of \$75 million relating to the separation of Upjohn). In 2021 and 2020, these amounts were substantially all included in *Other taxes payable*. Accrued penalties are not significant. See also *Note 5A*.

### Status of Tax Audits and Potential Impact on Accruals for Uncertain Tax Positions

The U.S. is one of our major tax jurisdictions, and we are regularly audited by the IRS. With respect to Pfizer, the IRS has issued Revenue Agent's Reports (RARs) for tax years 2011-2013 and 2014-2015. We are not in agreement with the RARs and are currently appealing certain disputed issues. Tax years 2016-2018 are currently under audit. Tax years 2019-2021 are open, but not under audit. All other tax years are closed. In addition to the open audit years in the U.S., we have open audit years in certain major international tax jurisdictions such as Canada (2013-2021), Europe (2011-2021, primarily reflecting Ireland, the U.K., France, Italy, Spain and Germany), Asia Pacific (2011-2021, primarily reflecting China, Japan and Singapore) and Latin America (1998-2021, primarily reflecting Brazil).

Any settlements or statutes of limitations expirations could result in a significant decrease in our uncertain tax positions. We estimate that it is reasonably possible that within the next 12 months, our gross unrecognized tax benefits, exclusive of interest, could decrease by as much as \$75 million, as a result of settlements with taxing authorities or the expiration of the statutes of limitations. Our assessments are based on estimates and assumptions that have been deemed reasonable by management, but our estimates of unrecognized tax benefits and potential tax benefits may not be representative of actual outcomes, and variation from such estimates could materially affect our financial statements in the period of settlement or when the statutes of limitations expire, as we treat these events as discrete items in the period of resolution. Finalizing audits with the relevant taxing authorities can include formal administrative and legal proceedings, and, as a result, it is difficult to estimate the timing and range of possible changes related to our uncertain tax positions, and such changes could be significant.

### E. Tax Provision/(Benefit) on Other Comprehensive Income/(Loss)

Components of the *Tax provision/(benefit) on other comprehensive income/(loss)* include:

(MILLIONS)	Year Ended December 31,		
	2021	2020	2019
Foreign currency translation adjustments, net <sup>(a)</sup>	\$ 43	\$ (119)	\$ 260
Unrealized holding gains/(losses) on derivative financial instruments, net	84	(88)	83
Reclassification adjustments for (gains)/losses included in net income	29	(25)	(125)
	114	(113)	(42)
Unrealized holding gains/(losses) on available-for-sale securities, net	(44)	45	—
Reclassification adjustments for (gains)/losses included in net income	(4)	(24)	5
	(48)	22	5
Benefit plans: prior service (costs)/credits and other, net	27	12	(1)
Reclassification adjustments related to amortization of prior service costs and other, net	(47)	(31)	(43)
Reclassification adjustments related to curtailments of prior service costs and other, net	(17)	—	(1)
Other	(1)	1	—
	(38)	(17)	(45)
<b>Tax provision/(benefit) on other comprehensive income/(loss)</b>	<b>\$ 71</b>	<b>\$ (227)</b>	<b>\$ 178</b>

<sup>(a)</sup> Taxes are not provided for foreign currency translation adjustments relating to investments in international subsidiaries that are expected to be held indefinitely.

### Note 6. Accumulated Other Comprehensive Loss, Excluding Noncontrolling Interests

The following summarizes the changes, net of tax, in *Accumulated other comprehensive loss*<sup>(a)</sup>:

(MILLIONS)	Net Unrealized Gains/(Losses)			Benefit Plans		Accumulated Other Comprehensive Income/(Loss)
	Foreign Currency Translation Adjustments	Derivative Financial Instruments	Available-For-Sale Securities	Prior Service (Costs)/Credits and Other		
Balance, January 1, 2019	\$ (6,075)	\$ 167	\$ (68)	\$ 728	\$	(5,249)
Other comprehensive income/(loss) <sup>(b)</sup>	139	(146)	33	(144)		(118)
Balance, December 31, 2019	(5,936)	20	(35)	584		(5,367)
Other comprehensive income/(loss) <sup>(b)</sup>	883	(448)	151	(106)		480
Distribution of Upjohn Business <sup>(c)</sup>	(397)	—	—	(26)		(423)
Balance, December 31, 2020	(5,450)	(428)	116	452		(5,310)
<b>Other comprehensive income/(loss)<sup>(b)</sup></b>	<b>(722)</b>	<b>547</b>	<b>(336)</b>	<b>(75)</b>		<b>(587)</b>
<b>Balance, December 31, 2021</b>	<b>\$ (6,172)</b>	<b>\$ 119</b>	<b>\$ (220)</b>	<b>\$ 377</b>	<b>\$</b>	<b>(5,897)</b>

<sup>(a)</sup> Amounts include the impact of a change in accounting principle. See *Note 1C*.

<sup>(b)</sup> Amounts do not include foreign currency translation adjustments attributable to noncontrolling interests. Foreign currency translation adjustments include net losses in 2021 and net gains in 2020 and 2019 related to our equity-method investment in the Consumer Healthcare JV (see *Note 2C*), and the impact of our net investment hedging program.

<sup>(c)</sup> For more information, see *Note 2B*.