

Macro Roundup Article

Headline: [Big Pharma's Big Tax Dodge](#)

Article Link: <https://www.businessinsider.com/big-pharma-companies-taxes-american-billion-dollar-profits-drugs-healthcare-2023-8>

Author(s)	Brad Setser and Tess Turner
Publication	Business Insider
Publication Date	August 04, 2023

Tweet: [.@Brad_Setser argues tax reform is needed as the American pharmaceutical sector has optimized its corporate structure to shift almost all of its domestic profits overseas paying an effective tax rate of 3%.](#)

Summary: The six major US pharmaceutical firms that provide fairly detailed data reported making \$215 billion worth of sales in the US for 2022. Given America's systematically higher prices, their sales abroad were logically more modest — totaling \$170 billion. Despite this discrepancy, the companies reported earning very, very little in profits — in some cases, absolutely nothing — in the US. Of their \$100 billion combined profit, the companies said \$90 billion was made abroad, while a paltry \$10 billion came from their US operations. That comes out to a profit margin of 5% in the US and a margin of over 50% abroad.

Related Articles: nan

Primary Topic: Taxation

Topics: Fiscal Policy, Op-Ed/Blog Post, Taxation

Permalink: https://www.edwardconard.com/macro-roundup/brad_setser-argues-tax-reform-is-needed-as-the-american-pharmaceutical-sector-has-optimized-its-corporate-structure-to-shift-almost-all-of-its-domestic-profits-overseas-paying-an-effective-tax-rate?view=detail

Featured Image

Link: <https://www.edwardconard.com/wp-content/uploads/2023/08/RX-Profits.png>