THE

Gilead, based in Foster City,

CA, funded the final required

clinical trials.

state corporate income tax, and finally

are now located.

Princeton, NJ, where their physical offices

The global system for funding drug development socializes the costs and privatizes the profits though a system of taxpayer-funded research, legal corporate tax havens, and intellectual property registrations to guarantee exclusive access to markets and to reduce corporate taxes, while selling identical formulations at wildly different prices.

>10% 5-10% 2-5% 1-2% <1% NO DATA

Treatment Action Group

Sources available at http://www.treatmentactiongroup.org/HCV/pharma-shell-game

GAME Ireland, Gilead's subsidiaries need to pay FINANCIAL, INTELLECTUAL HEPATITIS C CURE GLOBAL an Irish company for the right to INTELLECTUAL PROPERTY PROPERTY FLOWS SUPPLY CHAIN manufacture the drug. Sales generated by AND PRODUCT FLOWS the Irish company incur taxes at the Irish tax **GILEAD HOLDS THE MYRIAD OF DRUG PRODUCTION ORIGINATES** in \$5.1 MILLION rate of 12.5% rather than the US tax rate of China, where active pharmaceutical **PATENTS** associated with sofosbuvir Gilead Sciences spends on lobbying/ 35%. The favorable tax rate leads many ingredients (APIs) are manufactured. APIs through the US Patent and Trademark political influence in Washington, Intellectual Property for brand name and generic drugs are multinational corporations to claim revenues Office in Washington DC, granting them DC, where Pharmaceutical Research synthesized in the same factories. The there to avoid paying billions in taxes. GILEAD SCIENCES exclusive rights to the US market. Gilead Product (DAA) and Manufacturers of America APIs are sent to India or Bangladesh to be GILEAD TRANSFERRED Gilead had \$21.7 billion pre-tax profits and REGISTERS PATENTS also registered a subsidiary (Gilead trade group is located combined into the medicines that patients INTELLECTUAL PROPERTY \$28.5 billion in untaxed offshore profits in Biopharmaceutics Ireland Corporation) take. Some medicines are sold as 2015 and would owe \$9.7 billion to the and its patents in Ireland. By registering generics in low- and middle-income U.S. if those sums were repatriated. Gilead the intellectual property (IP) on Sovaldi in countries — as long as the "originator" has tax residency in the Bahamas and pharmaceutical corporation (for example, Ireland, using a "Double Irish" loophole, Gilead is the "originator" of sofosbuvir) avoiding taxes in Ireland on profits mostly that holds the exclusive patents gives generated in the U.S. permission to these countries. Some SOVALDI: \$0.35/MONTH; medicines are sent to Western Europe — \$62.4 MILLION U.S. PATENT AND PACKAGED DRUG: (GENERIC) Italy in the case of Gilead's hepatitis C TRADEMARK OFFICE US taxpayer funds via the \$41/DRUG FOR FULL COURSE cures — to be packaged for sale in NIH and VA to Professor high-income countries like the U.S. and Raymond Schinazi, at Emory University in Atlanta, GA, is LOBBYING the lead scientist and Pharmasett founder **TOTAL GENERIC COST** IRELAND 12-week course of Sovaldi: \$62 INCLUDING SALES & **50% PROFIT MARGIN** MARKETING ACTIVE RESEARCH SPECULATION/ INVESTORS 12-week course of Harvoni: PHARMACEUTICAL **FUNDING** \$96 INCLUDING **INGREDIENTS 50% PROFIT MARGIN** THE BAHAMAS & BERMUDA 12-week course of Epclusa INGREDIENTS COMPOUNDED (cures all hepatitis C virus FOSTER CITY, CA WALL STREET, NY genotypes): RESEARCH \$181-216 PACKAGING COSTS **PROFITS** -ATLANTA, GA LIST PRICE OF SOVALDI INDIA & BANGLADESH \$300-500 TO GILEAD \$84,000 MILLION **CURRENTLY AROUND \$50,000** SOVALDI: \$1094/KG; IN THE U.S. R&D by private API PER 12 WEEK TREATMENT: sector for \$37/COURSE Sovaldi **PROFITS TO** sofosbuvir) GILEAD SOVALDI: \$0.04/PILL (FORMULATION AND EXCIPIENTS); AMOUNTING TO \$40/COURSE The \$9.7 billion in owed taxes \$28.5 BILLION could, at \$62 per 12-week Profits registered and course, treat over 150 million placed in tax havens people with hepatitis C in the FINANCIAL FLOWS world. We can only eliminate hepatitis C if national budgets can afford the treatments. FUNDING FOR DRUG DEVELOPMENT starts in Bethesda, MD, at the National HEPATITIS C VIRUS Institutes of Health (NIH), which awards taxpayer funded grants to scientists in the PREVALENCE WORLDWIDE U.S. A researcher employed by the Veterans Affairs (VA), also funded by taxpayers, used NIH grants to discover sofosbuvir, a direct-acting antiviral (DAA), and a breakthrough drug for hepatitis C. The lead In 2011, Pharmasett was scientist (again, a public employee) and purchased for \$10.4 billion by partners formed a private corporation, Gilead Sciences, Inc, a publicly Pharmasett, to continue development with traded company listed on the private investment. Pharmasett was first New York Stock Exchange (Wall registered as a corporation in Atlanta, GA Street) with global investors, (home of the lead scientist), then in the tax including public pension funds. TAG haven of Barbados, then Delaware, to avoid