

**European Parliament orders McDonald's to make
unprecedented third appearance before
Committee probing tax avoidance**



Summons follows report showing McDonald's dismantled tax structure under investigation by European Commission, inhibiting scrutiny of company's accounts

Press Release - 18th June 2018

(Brussels 18 June 2018) The European Parliament announced that McDonald's will appear on 21 June 2018 before the TAX3 Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance – an unprecedented third appearance by a

multinational corporation before the Committee.

The summons follows a recent report revealing how McDonald's dismantled its tax structure amid an ongoing investigation by the European Commission into allegations of tax avoidance, effectively inhibiting scrutiny of the company's accounts.

The European Commission opened an investigation into McDonald's in late 2015, following allegations by a coalition of European and American trade unions and the U.K. antipoverty organization War on Want that the company had dodged more than one billion euros in taxes from 2009 to 2013.

In May 2018, a report entitled "Unhappier Meal" authored by the trade unions EPSU, EFFAT and SEIU outlined how McDonald's has responded to tax scrutiny over the past two years by making its corporate structure more opaque and more complex, including:

- relocating its international tax base from Luxembourg to the United Kingdom;
- transferring the headquarters of McD Europe Franchising Sàrl from Luxembourg to Delaware, in the United States, a jurisdiction with very limited disclosure requirements;
- interposing a range of subsidiaries in multiple jurisdictions between the newly named McD Europe Franchising LLC and its holding subsidiaries with the effect of reducing the level of transparency and information available in McDonald's public filings; and
- continuing to rely on multiple subsidiaries or related companies in countries listed on the European Union's grey list of non-cooperative jurisdictions including the Cayman Islands, Bermuda and Hong Kong, and partnering with other companies that similarly rely on such jurisdictions including in Guernsey for McDonald's Nordic restaurants and in the British Virgin Islands and the Cayman Islands for McDonald's Chinese restaurants.

The report highlighted that many of the new entities have no or minimal required public financial disclosures, including of taxes owed and paid. Further, McDonald's particular decision to relocate to the U.K. after that country voted in a referendum to leave the European Union raises

the possibility of McDonald's structuring its intellectual property holdings to minimize any oversight by the European Commission.

At previous hearings before the European Parliament, McDonald's failed to respond to questions asked by MEPs. In the hearing which took place on 15 March 2016, the multinational was challenged on the nature of its corporate structure, which sent royalty payments to Luxembourg while maintaining branches in Switzerland and the U.S. and failed to provide complete information about its activities in tax secrecy and low tax jurisdictions.

Ahead of the TAX3 hearing, EPSU, EFFAT and SEIU urge MEPs to demand McDonald's to provide more specified information on its tax structure, including:

- details on its new tax base for European operations;
- the reason why the company moved the registered office of the company targeted by the European Commission's probe to Delaware where the public has no access to corporate filings;
- the reason why the company decided to relocate to the U.K. following the Brexit if their Luxembourg scheme was legal as McDonald's stated.

Jan Willem Goudriaan, EPSU General Secretary, said: *"The move of McDonald's to Delaware bringing more opacity and complexity just begs belief and makes our case for public and global Country-by-Country Reporting (CBCR) a total must! The fact that the European Parliament has asked them to come shows that they have a lot to answer for. It is a major problem that they benefit from Europe's cash-strapped public services but refuse to contribute to them".*

Harald Wiedenhofer, EFFAT General Secretary, stated: *"This invitation of McDonald's to a hearing on their tax avoidance practices coincides with the Motion for a Resolution on '[Responding to petitions on tackling precariousness and the abusive use of fixed-term contracts](#)', which was voted at the EP Plenary session on 31 May 2018. This Motion tabled by the European Parliament's Committee on Petitions followed up a series of petitions linked to a campaign by McDonald's workers fighting for better working conditions and an end to precarious contracts, which were analysed in the 2017 study "*

[Temporary contracts, precarious employment, employees' fundamental rights and EU employment law](#) and discussed at the Petitions' Committee's hearing on the 'Protection of the rights of workers in temporary or precarious employment, based on petitions received' on 22 November 2017."

SEIU Executive Vice President Rocio Sáenz said: "McDonald's undercuts workers and communities all across the world in order to inflate its profits. Members of the European Parliament should demand McDonald's answer questions about its tax dodging scheme and hold the company accountable for the one billion euros in taxes it owes."

With systemwide sales in 2017 of US\$90 billion, McDonald's is the world's largest fast food company. Europe is McDonald's largest market outside the U.S. Given the size and symbolic

importance of McDonald's, it is crucial that European lawmakers and national enforcement authorities do not let them off the hook.

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About EPSU :

EPSU is the European Federation of Public Service Unions. It is the largest federation of the ETUC and comprises 8 million public service workers from over 265 trade unions; EPSU organises workers in the energy, water and waste sectors, health and social services and local, regional and central government, in all European countries including the EU's Eastern Neighbourhood. EPSU is the recognized regional organization of Public Services International (PSI).

About EFFAT :

EFFAT is the European Federation of Trade Unions in the Food, Agriculture and Tourism sectors. As a European Trade Union Federation representing 120 national trade unions from 35 European countries, EFFAT defends the interests of more than 2.6 million members towards the European Institutions, European employers' associations and transnational companies. EFFAT is a member of the ETUC and the European regional organization of the IUF.

About SEIU :

The Service Employees International Union (SEIU) unites 2 million diverse members in the United States, Canada and Puerto Rico. SEIU members working in the healthcare industry, public sector and in property services believe in the power of joining together on the job to win higher wages, benefits and create better communities, while fighting for a more just society and an economy that works for all of us, not just corporations and the wealthy.

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