European Federation of Public Service Unions (EPSU)

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EPSU tells Commission: Following Starbucks and Fiat decisions, go after McDonald's and the rest...

The European Public Service Union (EPSU) welcomes the European Commission's decision to demand millions of euros back from tax-dodging companies Fiat and Starbucks. The landmark decision is good news for citizens and workers. There should be an end to tax reduction deals between companies and Member States. These deals deprive society of billions of euros of much needed revenue for our public services.

"We welcome the Commission's new tough line on the illegality of some types aggressive tax avoidance schemes through transfer pricing. We expect as tough a decision when it comes down to recouping the amount of illegal state aid" says EPSU General Secretary **Jan Willem Goudriaan**.

"Now that two important investigations are concluded, the Commission can redeploy its resources into investigating McDonald's which, according to our report, offers lots to chew on." adds Jan Willem Goudriaan.

In the Unhappy Meal report published last February, EPSU, partner trade unions and the UK-based campaigning organisation War on Want exposed a model of tax avoidance similar to that of Starbucks. The company makes use of a franchising model to reduce its effective tax rate to about 1 % by transferring profits to jurisdictions with low tax rates on intellectual property.

McD Europe Franchising Sàrl, a Luxembourg-based intellectual property box with 13 employees making more that €833 million in turnover in 2013, benefits from very low tax rates on profits from around Europe which are funnelled through Luxembourg as royalty payments.

McDonald's extremely low effective tax rate raises suspicions that it has benefited from a secret tax ruling which could well constitute potential illegal state aid.

This tax-avoidance scheme has potentially cost a dozen European governments over €1 billion in tax revenue from 2009 to 2013. In Luxembourg alone, under the conservative assumption that McD Europe Franchising Sàrl would be taxed at Luxembourg's IP Box rate of 5.8 %, the Commission could order the Grand Duchy to recover up to €194 million in unpaid tax over the same period.

"The Commission's determination should be closely followed up by national tax administrations by carrying out joint tax audits on large scale corporate tax avoidance cases such as McDonald's. European cooperation will be critical to recouping public money and

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putting an end to a business model of maximizing profits and minimizing tax and wages in Europe and beyond," concludes Mr. Goudriaan.

Read 'Unhappy Meal: €1Billion in Tax Avoidance on the Menu at McDonald's': http://www.notaxfraud.eu/sites/default/files/dw/FINAL%20REPORT.pdf

'No Tax Fraud' Campaign Website: http://www.notaxfraud.eu/

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***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 Neighborhood. EPSU is the recognized regional organization of Public Services International (PSI). For more information please go to: http://www.epsu.org*