

## McDonald's accused of tax avoidance

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News

Parliament's Greens/EFA group has warned that the UK could become the "biggest tax haven near the EU" after Brexit.



*Photo credit: Press Association*

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The comments come following the release of a new report into alleged tax avoidance practices by the US fast food chain McDonalds.

A coalition of European and US trade unions published the report on Monday.

The report claims to show how McDonalds restructured itself since an investigation by the European Commission, with "continued reliance on multiple subsidiaries in countries currently listed on the EU grey list of non-cooperative jurisdictions."

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These, it says, include “well-known” tax havens such as the Cayman Islands, Bermuda and Hong Kong.

“With McDonalds choosing to move its base from Luxembourg to the UK, the report is a warning that the UK could become the biggest tax haven near the EU after Brexit,” said the Greens/EFA in a statement.

No one from McDonalds was immediately available for comment on Monday but the company, in the past, has strongly denied any wrongdoing, including on tax avoidance.

The report was published just ahead of a meeting on Tuesday by Parliament’s special committee on financial crimes, tax evasion and tax avoidance.

On Monday, Greens/EFA group tax justice spokesperson Molly Scott Cato, commenting on the report, said, “Today’s report demonstrates clearly that corporations have not changed their approach to tax avoidance. In spite of massive public distaste for it, they are continuing to game the tax system, chasing the remaining loopholes and seeking to create new ones.”

She added, “As we have repeatedly made clear, the EU should use Brexit as an opportunity to crack down on the worst post-colonial excesses of the UK’s tax framework rather than allowing it to be used to weaken Europe’s tax regime.”

The report, from trade unions EPSU, EFFAT and SEIU, is a follow-up to the ‘Unhappy Meal’ report, published in February 2015, which claimed to show that McDonald’s use of tax havens had resulted in over €1bn in uncollected taxes in Europe between 2009 and 2013.

McDonald’s have been accused of benefiting from an exclusive agreement in Luxembourg to shift profits there and pay close to zero taxes. This led to the opening of a formal state aid investigation by the Commission in December 2015.

The Greens/EFA group has requested that McDonalds appear in front of the European Parliament for a hearing on multinationals which has been organised by the special tax committee on 21 June.

A group spokesperson said, “If they do not accept the invitation and can’t provide a justifiable answer, we will request the withdrawal of their access badges to the European Parliament.”

## About the author

Martin Banks is a senior reporter for the Parliament Magazine

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