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Unhappy meal

Commission opens formal investigation into Luxembourg's tax treatment of McDonald's

"McDonald's pays a significant amount of corporate tax across Europe". This is what Irene Yates, Vice President for Corporate Tax of McDonald's Europe told the European Parliament on November 16 when invited to comment on her companies' tax planning strategies. McDonalds may repeat it over and over but today's announcement of a formal state aid investigation by the European Commission will make it harder to believe the EU's biggest fast food chain.

The European Parliament, in its first report investigating the Luxleaks scandal, already worried about the specific example of McDonalds, whose tax practices were shown to have cost EU member states over €1 billion in lost taxes between 2009 and 2013. This information comes from the "Unhappy meal" report published by a coalition of trade unions and NGOs in February 2015.

Ms Yates was proud to announce to the European Parliament that McDonalds paid almost €2 billion in taxes in the EU between 2002 and 2014, meaning around €150 million per year. In comparison, their tax avoidance strategies may have saved them €200 million per year over the last five years. In other words, if McDonalds wasn't avoiding paying taxes in the EU, it would more than double its tax contribution!

Today's opening of an investigation by the European Commission is most welcome. The preliminary assessment indicates that the tax ruling granted by Luxembourg to McDonald's amounts to unfair competition and a breach of EU state aid rules. The Commission also recently concluded that by granting a special tax treatment to Fiat, Luxembourg had provided illegal state aid.

This is the third state aid investigation for preferential tax treatments opened in the last 18 months against Luxembourg, which was also at the heart of the Luxleaks scandal a year ago. In November 2014, the biggest tax scandal in EU history revealed that over 350 big companies received special tax advantages through tax rulings, sometimes ending up paying less than 1% corporate tax in Luxembourg. At the time, the Greens campaigned for the European Parliament to investigate the scandal, which ultimately led to a special committee on tax rulings and other similar measures, just extended yesterday for another six months.

Today's news shows that it is important for the European Parliament to continue its investigation into corporate tax avoidance. The Greens will ensure that we can properly establish who bears political responsibility for this tax dumping disaster, as well as proposing measures to ensure it never happens again. EU Commission president Jean-Claude Juncker must come back to Parliament to provide evidence in light of the new information regarding granting preferential tax treatments which happened while he was finance minister of Luxembourg. This also shows that we need greater transparency on where big companies pay taxes in the EU. We need urgent legislative reforms to ensure transparency on tax rulings and country by country reporting, which the European Parliament has repeatedly called for already.

Please click the document below for a colourful infographic on ten steps towards tax justice!

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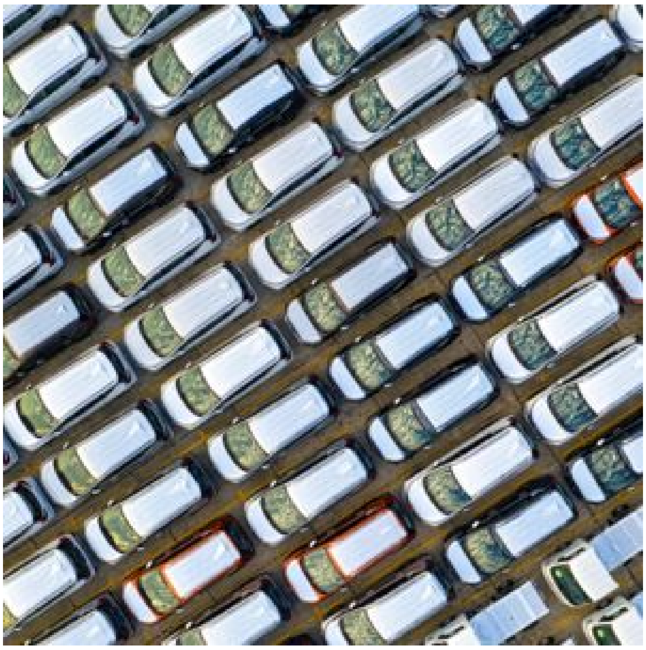

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