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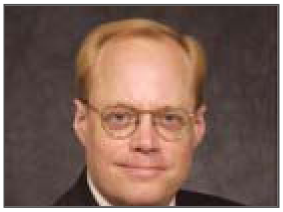

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McDonald's Accused Of Supersizing Profits, Skirting $1.13 Billion In Taxes

The Golden Arches are looking a little tarnished if you listen to a coalition of European and American trade unions. Given the source of the comments, perhaps that is to be expected, especially coming from Europe. Throw in the voices of an anti-poverty campaign group with the Dickensian-sounding name 'War on Want,' and you have a perfect storm of unrest.

It sounds a little like the tax cries against Apple, Starbucks, Burger King, Google, Twitter and many other global companies. The U.S. has long railed about the extent to which companies manipulate their IP and their sourcing of income. And attacks have gone beyond the companies to foreign governments, particularly such occasional tax havens as Ireland and Luxembourg.

In this case, the anti-golden-arch coalition spoke up loudly with claims that McDonald's has avoided over €1 billion in corporate taxes in Europe over the five year period, 2009-2013. The report outlines in detail the tax avoidance strategy adopted by McDonald's, and its tax impact both throughout Europe and in major markets like France, Italy, Spain and the U.K.

The practice essentially consisted of moving the European headquarters from the U.K. to Switzerland, as well as using intra-group royalty payments. These payments could then be channeled into a tiny Luxembourg based subsidiary with a Swiss branch. But however it was done, the report says McDonalds was cleaning up. Between 2009 and 2013, the Luxembourg-based structure, which employs 13 people, registered a cumulative revenue of €3.7 billion. That sounds fatty, and yet it reported a very lean €16 million in tax.

With 36,000 stores serving approximately 69 million customers every day, McDonald's employs 1.9 million people. That makes the fast food giant the second largest private sector employer in the world. McDonald's is the largest fast food company in Europe, with 7,850 stores and €20.3 billion in system-wide sales in 2013.

European division generates nearly 40 percent of the company's operating income. In 2009, McDonald's restructured by establishing McD Europe Franchising Sàrl, a Luxembourg-resident intellectual property holding company with a Swiss branch. Then McDonald's moved its European headquarters from London to Geneva. Critics say this was a 'potentially abusive optimization of its structure' cost European governments over €1 billion in tax revenues from 2009 to 2013.

This report is co-authored by EPSU, EFFTA and SEIU. EPSU is the European Federation of Public Service Unions, comprising 8 million public service workers. EFFAT is the European Federation of Trade Unions in the Food, Agriculture and Tourism sectors. SEIU is the Service Employees International Union with 2 million members in the U.S., Canada, and Puerto Rico.

McDonald's has faced widespread criticism in Europe and globally for the low wages and poor working conditions at its restaurants. In the U.K., for example, workers have protested McDonald's practice of "zero-hours contracts," which leaves workers without any guarantee of regular work or stable income. The company's low wages have also been criticized for imposing substantial costs on taxpayers, as many McDonald's workers are forced to rely on public assistance to afford food and rent.

Details of the report will be presented to Members of the European Parliament, Commission officials as well as to the European Commission's platform for tax good governance.Adding fruit to Happy Meals was clearly not enough, it seems.

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