

## McDonald's tax and the U.K.

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It's been reported that McDonalds is moving its corporate HQ for all activity outside the USA to the UK. It was previously in Luxembourg, where its operations are currently subject to an EU enquiry.

We know remarkably little about this deal. Everything that follows is, then, speculation. Journalists are however calling me about it but as I am shortly going to be on a train across the Pennines on a long journey home from Manchester I will offer some thoughts here.

First, this deal makes it look as though Luxembourg is in tax haven decline. This is hardly surprising. After Luxleaks what has become clear is that its forward tax agreements may not be worth the paper they are written on and no corporate will want that. This is bad news for the Duchy, but no one should be crying for them: tax havens do not deserve our sympathy.

Second, I strongly suspect this deal is about Brexit. Remember that having the corporate HQ in the UK is in this case pretty much a paper exercise: the number of people involved may be quite small and no cash need flow through the UK or via sterling to reach the US head office. Intermediate HQs are by and large locations of accounting and tax convenience and not commercial significance. So being outside the EU soon will not be a commercial deterrent and may be a tax advantage. The U.K. is saying it will guarantee low tax rates. And the EU Competition Commissioner will not be able to interfere any more. From McDonald's point of view both might appeal.

Third, the U.K. can and does offer forward tax deals and whilst they must be within EU and OECD guidelines I suspect that right now when the UK has remarkably little else to offer on the international stage these might be being marketed for all they're worth. McDonald's may not have any such deal; I stress I am talking generically, but when we can't do trade deals tax is on the agenda, I am sure.

So welcome to tax haven UK.

What a terrible definition of taking back control that is.