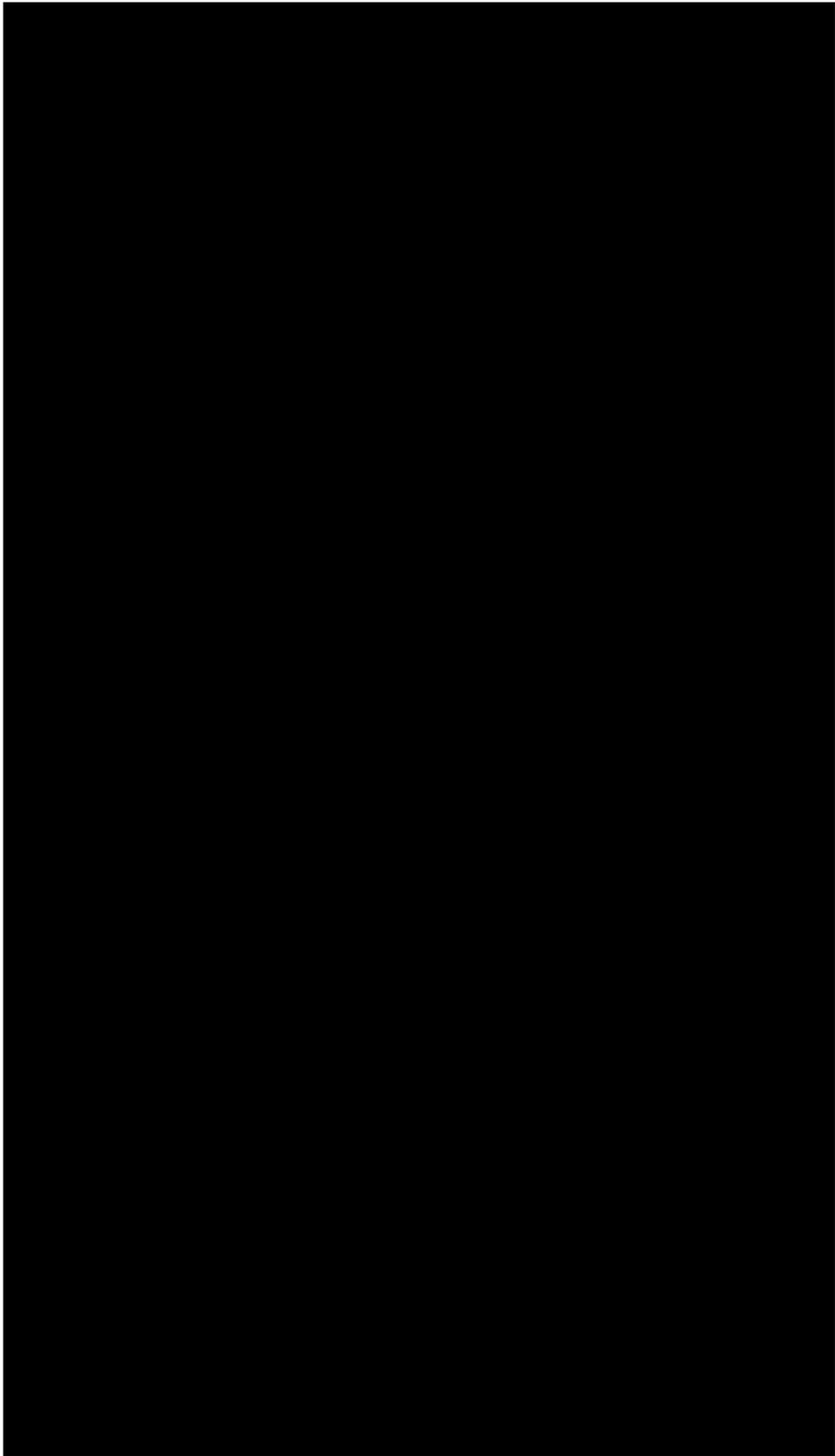


From:
Sent:
To:

TAXE Secretariat
18 April 2016 17:22



Cc:

Subject:

Written replies from McDonald's Europe - follow up to exchange of views of 15 March

Categories:

Dear Members,
Dear Colleagues,

Please find below responses from McDonald's Europe to the questions that were requested to be replied in writing at the Hearing on 15 March 2016.

Kind regards,

TAXE Secretariat

Question 1: As the Chair concluded at the meeting, McDonald's agreed to provide a written reply on its activities in Bermuda, Luxembourg and Switzerland and further explain these structures and their impact on taxes in the EU (including that of the Delaware structure).

The management, maintenance and development of McDonald's European franchise rights occur through the branch offices located in the Swiss and US branches of MEF. The franchise rights include brand development and positioning, advertising and marketing, restaurant design and specifications, restaurant re-imaging, food and menu development, supply chain, operating platform and systems, implementation, franchising administration, business analyses, quality issuance, human resources and legal activities.

The franchise rights are allocated to the US branch of MEF as it is the US branch that bears the risks and costs linked to the franchise rights. As it is structured, this organisation enables administrative efficiency as well as control over intellectual property in the US where the rights are registered. The Swiss branch provides management support and development activities associated with the McDonald's franchise rights for certain European markets and it is responsible for licensing franchise rights in these markets and supporting them in implementing the use of such rights.

There is no royalty agreement between the US and Swiss branches of MEF (or between MEF's Luxembourg head office and its branches) as the branches are not legally distinct or separate from each other, and neither branch is legally distinct or separate from the Luxembourg head office. The rights and obligations, and associated risks and rewards, of the franchise rights are allocated to the US branch as described above and this allocation is documented in various branch allocation agreements.

Question 2: What exactly is the role of Bermuda companies named McDonald's Canada Risk Management Limited, McDonald's Quality and Safety Company Limited and McDonald's Owner/Operator Insurance Co. Limited? You argue that you have not mentioned those companies

when responding in writing to TAXE previously because they would not be directly owned by McDonald's. Who are they owned by and how are they linked to your business? For which other tax haven do you have such companies, which you did not name previously and which continue to exist as of end 2015?

McDonald's Owner/Operator Insurance Company, Ltd. ("MOOIC") is incorporated under the laws of Bermuda and is registered as a Class 3 Insurer/Reinsurer. Neither McDonald's Corporation nor any of its subsidiaries have any ownership interest in MOOIC. MOOIC offers certain insurance programs for McDonald's franchised restaurants only in North America. No insurance premiums are paid to MOOIC by or on behalf of company-operated restaurants and MOOIC does not provide cover to them.