AMERICANS FOR TAX FAIRNESS

REPORT: WHOPPER OF A TAX DODGE: HOW BURGER KING'S INVERSION COULD SHORTCHANGE AMERICA
Released December 2014

MEDIA CLIPS

How US Companies Stash Billions Overseas—Tax-Free -- *Mother Jones*
By Erika Eichelberger and Dave Gibson, 2/6/2015

Last year, Burger King obtained the Canadian doughnut chain Tim Hortons and announced plans to move its HQ to the Great White North. Here's what the fast-food giant stands to gain:

- Avoiding $400 million to $1.2 billion in US taxes over the next four years.
- Major shareholders could avoid as much as $820 million in capital-gains taxes.
- Its low-wage employees would still receive more than $350 million in federal benefits and tax credits.

Burger King Tax Inversion Report -- *Mother Jones*
Links to Americans for Tax Fairness report, 2/6/2015

Op-Ed: A whopper of a deal at taxpayers' expense -- *The Chicago Tribune*
By Frank Clemente, 12/19/2014

Burger King Chief Executive Officer Daniel Schwartz swears that the company's plan to renounce its U.S. "citizenship" and become a Canadian corporation "is really not about taxes." But a new report by my group, **Americans for Tax Fairness**, finds that it really is about taxes after all.

The report reveals that Burger King's recent merger with Tim Hortons, a Canadian restaurant chain, would allow the corporation and its leading shareholders to dodge an estimated $400 million to $1.2 billion in U.S. taxes between 2015 and 2018. That's a whopper of a deal for Burger King — but American taxpayers will be forced to pick up the tab.

Burger King has structured the deal as a corporate inversion. Burger King is buying a smaller Canadian company, but then becoming a subsidiary of a new post-merger Canadian firm. This convoluted structure is designed to be a tax dodge, with several selections on the menu.

Column: Can We Blame Burger King for Ditching the U.S.? -- *The Wall Street Cheat Sheet*
By Sam Becker, 12/17/2014

Burger King, the longstanding fast food burger joint and home of the Whopper, has officially become a Canadian company. The move to the land of Wayne Gretzky, curling, and poutine was finalized recently when Burger King completed its merger with Tim Horton's, a Canadian coffee and doughnut chain. The move has earned the company a huge amount of backlash from those calling it what it likely is: a tax inversion. But guided by the unique logic of business, is Burger King really behaving that badly?

There are mixed estimates as to how much Burger King could actually end up saving as a result of its nationality switch, ranging anywhere from several million to more than a billion dollars.

Because these savings amount to a loss of tax revenue for the U.S. government, groups like **Americans for Tax Fairness** (AFTF) are feeling particularly charbroiled over Burger King's decision to move north. AFTF estimates that Burger King will save at least $400 million from the move.

"Burger King and its largest shareholders could dodge between $400 million and $1.2 billion in U.S. taxes over the next four years," reads an AFTF report on the issue. "At the same time, U.S. taxpayers provide an estimated $356 million a year — $1.4 billion over four years — subsidizing Burger King's low pay and meager benefits through public assistance programs." …

Burger King's move to Canada could save it $1B in US taxes -- *South Florida Business Journal / Jacksonville (FL) Business Journal / Phoenix (AZ) Business Journal*
By Shaun Bevin, 12/12/2014

Burger King's plan to move its corporate parent to Canada when it merges with Tim Hortons could save the company $400 million to $1.2 billion in U.S. taxes from 2015 to 2018, according to a report by **Americans for Tax Fairness**.

The **Americans for Tax Fairness'** report found that by renouncing its U.S. corporate citizenship, BK would not have to pay $117 million in U.S. taxes on profits it held offshore at the end of 2013. It also may avoid an additional $275 million in U.S. taxes between 2015 and 2018 because it will no longer have to pay U.S. taxes on future worldwide profits.

Burger King's move to Canada could save it $1B in US taxes
Memphis (TN) Business Journal, By Shaun Bevin, 12/12/2014

Tim Hortons takeover will let Burger King skirt taxes, U.S. activist group says -- *Investor Central — Penny alerts*
12/12/2014

Despite claims to the contrary from both companies, an influential U.S. activist group says Burger King is set to bank hundreds of millions of dollars in tax savings from its merger with Canadian coffee and donut chain Tim Hortons.

In a report titled "Whopper Of A Tax Dodge," **Americans for Tax Fairness** (ATF) says the U.S. burger chain stands to pocket between $400 million and $1.2 billion in tax savings over the next three years from its deal to take over Tims.

The report came the same day the deal to create a quick-serve behemoth with $23 billion in sales from over 100 countries is set to be finalized. Shareholders and regulators on both sides of the border have given their to the deal.

Report Finds That Burger King "Inversion" Will Allow Company to Dodge $400 Million to $1.2 Billion in US Taxes Over Four Years -- ***TruthOut***
12/12/2014

WASHINGTON **– Americans for Tax Fairness** (ATF) will publicly release a report Thursday showing that Burger King's planned "inversion" will allow the company and its leading shareholders to dodge an estimated $400 million to $1.2 billion in US taxes between 2015 and 2018. This contradicts the assertion by CEO Daniel Schwartz that Burger King's plan to become a Canadian company "is really not about taxes."

The report is especially topical because Tim Hortons, the Canadian corporation with which Burger King is merging, has announced shareholders will vote on the deal on Tuesday, Dec. 9, and that it expects the deal to close Friday, Dec. 12…

"Burger King says it's not really about taxes, said **Frank Clemente**, executive director of **Americans for Tax Fairness**. "But the corporation and its shareholders could dodge more than a billion dollars in US taxes over the next few years. It's not credible to say that a potential tax break of $1 billion didn't influence its decision to become a Canadian company."

Tax activist group alleges Burger King to dodge over $400 mn in taxes with Tim Horton acquisition -- ***The Zimbabwe Star*** **(Africa)**
12/12/2014

WASHINGTON - On the eve of Burger King closing its $11 billion acquisition and merger with Canadian coffee chain Tim Hortons and shifting headquarters to Canada, a tax activist group has alleged that the planned 'inversion' will allow the fast food multinational giant to dodge payment of anywhere between $400 million and $1.2 billion in US taxes between 2015 and 2018.

In a report release on Thursday, the **Americans for Tax Fairness** (ATF) states that by renouncing its U.S. corporate "citizenship" Burger King, under the acquisition deal announced on August 26, the American fast food chain could dodge $117 million in U.S. taxes on profits that it held offshore at the end of 2013.The merger deal is expected to close on Friday, Dec. 12…

Column: Burger King's Tax Inversion: A 'Whopper' Of A Deal -- ***Crooks and Liars***
By Gaius Publius, 12/12/2014

…A new report by the advocacy group **Americans for Tax Fairness** analyzes this inversion deal and its consequences. The report is brief and readable. Among its findings (my emphasis):

Burger King executives deny that they are motivated by tax reasons. However, this report demonstrates that the inversion will result in substantial U.S. tax avoidance, while Burger King continues to generate significant profits from U.S. consumers, taxpayers and the Armed Services.

Burger King, Tim Hortons deal skirts taxes, U.S. group says -- ***CBC News***
12/12/2014

Despite claims to the contrary from both companies, an influential U.S. activist group says Burger King is set to bank hundreds of millions of dollars in tax savings from its merger with Canadian coffee and donut chain Tim Hortons.

In a report titled "Whopper Of A Tax Dodge," **Americans for Tax Fairness** (ATF) says the U.S. burger chain stands to pocket between $400 million and $1.2 billion in tax savings over the next three years from its deal to take over Tims.

The report came the same day the deal to create a quick-serve behemoth with $23 billion in sales from over 100 countries is set to be finalized. Shareholders and regulators on both sides of the border have given their OK to the deal.

Tax activist group alleges Burger King to dodge over $400 mn in taxes with Tim Horton acquisition -- ***The Knoxville (TN) Times***
By The Knoxville Times, 12/12/2014

In a report released on Thursday, the **Americans for Tax Fairness** (ATF) states that by renouncing its U.S. corporate "citizenship" Burger King, under the acquisition deal announced on August 26, the American fast food chain could dodge $117 million in U.S. taxes on profits that it held offshore at the end of 2013.The merger deal is expected to close on Friday, Dec. 12…

…The ATF report estimates that Burger King, as the top burger chain serving members of the U.S. Armed Forces, could receive more than $150 million in royalties and marketing support for its military restaurants over the next 15 years…

Burger King could save millions on taxes – The Hill/MSN.com
By Bernie Becker, 12/11/2014

The fast food giant Burger King could escape more than $1 billion in taxes by shifting its headquarters to Canada, according to a new report from a liberal group.

Americans for Tax Fairness says that Burger King's merger with Tim Hortons, the Canadian coffee and doughnut chain, could save the company anywhere from $400 million to $1.2 billion over the next four years…

…The study found that Burger King could save up to $820 million on capital gains taxes under the merger, another $275 million on future foreign earnings and $117 million on offshore profits.

Americans for Tax Fairness said “that tax considerations have played a major role in Burger King’s proposed corporate inversion, which would enable it to shed obligations to U.S. taxpayers, even as it benefits substantially from taxpayer support.”…

How much will controversial inversion deal save Burger King in taxes? -- *CNN Money*
By Gregory Wallace, 12/11/2014

Burger King says its controversial deal with Tim Horton's wasn't about taxes. But a liberal group opposed to the merger tallied it up and found big savings…

…The company could be spared at least $400 million from its U.S. tax bill over the next four years, according to the liberal group **Americans for Tax Fairness**.

The company has consistently said it would "continue to pay all our federal, state and local U.S. taxes." Even as it does, the company could still reap substantial savings, because profits made in foreign countries would not be taxed in the U.S. (The impartial fact checker Politifact considered the company's statements in August and, because of the nuances, rated them "half true.")

It did not provide information on how its estimates differed from those of **Americans for Tax Fairness…**

But the group's full report points out the many ways which the final numbers could vary from its estimates. For example, it said the $800 million in capital gains taxes assumes all shareholders "would have paid taxes if not for the structure of the deal." …

Column: Burger King removes itself from higher U.S. tax rate if it moves to Canada -- *The Washington Post Wonkblog, The Hamilton Spectator* (Ontario)
By Roberto Ferdman, 12/11/2014

The fast-food giant stands to save as much as $1.2 billion in taxes over the next three years by moving its headquarters from Miami to Canada, according to a report by **Americans for Tax Fairness**, a corporate watchdog often critical of such maneuvers...

…The intricacies of corporate tax laws, especially when applied to companies that operate all over the world, as Burger King does, make it difficult to know exactly how much the company will save from its new Canadian citizenship. But if the company benefits at all in that regard, especially if the upside proves to be as substantial as Americans for Tax Fairness estimates can be, there could be a backlash in the company's birthplace…

<u>Burger King's Move To Canada Could Save It $275 Million In Taxes</u> -- *Reuters/The Huffington Post*
By Kevin Drawbaugh, 12/11/2014

Fast food chain Burger King will avoid hundreds of millions of dollars in U.S. taxes if, as planned, it completes its pending buyout of Canadian coffee-and-doughnuts chain Tim Hortons, a tax activist group said on Thursday.

…In a report that Burger King described as "flawed," **Americans for Tax Fairness**, a group often critical of corporations over taxes, said the fast-food chain's inversion "creates substantial tax avoidance opportunities."…

Burger King-Tim Hortons Deal May Cost U.S. Taxpayers Between $400 Million To $1 Billion -- *Politico's Morning Tax*
By Hillary Flynn, 12/11/2014, link expired

Burger King's acquisition of the Canadian coffee and donut chain Tim Hortons will enable the fast-food giant to avoid between $400 million to $1.2 billion in U.S. taxes, according to **Americans for Tax Fairness**….

<u>Burger King to save millions in U.S. taxes in 'inversion': study</u> -- *Reuters/ BNN News (Canada)/ RocketNews (Japan)/ 4-Traders/ The Economic Times of India/ Yahoo News*
By Kevin Drawbaugh, 12/11/2014

…In a report that Burger King described as "flawed," **Americans for Tax Fairness**, a group often critical of corporations over taxes, said the fast-food chain's inversion "creates substantial tax avoidance opportunities."…

<u>Burger King will avoid $117m in tax from Tim Hortons merger, activists say</u> -- *The Guardian*
12/11/2014

…Burger King stands to avoid paying hundreds of millions of dollars in US taxes if it completes its pending buyout of Canadian coffee-and-doughnuts chain Tim Hortons, according to a group of tax activists.

The findings directly contradict Burger King's earlier insistence that the merger would create "no tax benefit". Burger King disputes the conclusions.

Americans for Tax Fairness, a group often critical of corporations over taxes, said the fast-food chain's proposed merger with Tim Hortons "creates substantial tax avoidance opportunities" because the combined headquarters will be in Canada….

Burger King Could Dodge $1.2 Billion In US Taxes Through 2018 With Tim Horton's Merger -- ***The International Business Times***
By Meagan Clark, 12/11/2014

Burger King's planned merger with Canadian coffee chain Tim Horton's will save the company and its leading shareholders hundreds of millions of dollars in U.S. taxes, despite the company's repeated assertions that the deal is not motivated by tax savings, a report released Thursday by **Americans for Tax Fairness** (ATF) finds…

…"Burger King says it's not really about taxes," said **Frank Clemente**, executive director of **Americans for Tax Fairness,** in a statement. "But… it's not credible to say that a potential tax break of $1 billion didn't influence its decision to become a Canadian company."

"Burger King's decision to renounce its U.S. citizenship and become a Canadian company will mean that while U.S. military families support Burger King by buying its food, Burger King will no longer support service members by paying its fair share of taxes," Clemente said.

Column: Burger King's Canadian Tax Inversion Could Save It $1.2 Billion -- ***Grub Street***
By Clint Rainey, 12/11/2014

…To hear them tell it, this amounts to a one percent rate cut at best — 26 percent instead of 27. However, according to a new report from **Americans for Tax Fairness**, a group that has positioned itself as a corporate taxpayer watchdog, that's likely a massive underestimate. The border hop, it contends, could save the company and its shareholders $1.2 billion by 2018. It says profits held offshore at the end of 2013 may slip by tax-free (for $117 million in savings), as could future earnings through 2018 (another $275 million). Shareholders, meanwhile, are the real winners by ATF's calculations. By not paying capital gains taxes, they stand to pocket $820 million…

Blog: Burger King's Tax Inversion: A "Whopper of a Deal" – *Hullabaloo*
By Gaius Publius, 12/11/2014

…A new report by the advocacy group **Americans for Tax Fairness** analyzes this inversion deal and its consequences. The report is brief and readable. Among its findings (my emphasis): Burger King executives deny that they are motivated by tax reasons. However, this report demonstrates that the inversion will result in substantial U.S. tax avoidance, while Burger King continues to generate significant profits from U.S. consumers, taxpayers and the Armed Services…

<u>Column: Burger King removes itself from higher U.S. tax rate if it moves to Canada</u> -- *The Tampa Bay Times*
By Roberto Ferdman, 12/11/2014

Canada should be a cozy new home for Burger King.

The fast-food giant stands to save as much as $1.2 billion in taxes over the next three years by moving its headquarters from Miami to Canada, according to a report by **Americans for Tax Fairness**, a corporate watchdog often critical of such maneuvers.

<u>Why Burger King Is Moving To Canada</u> -- *Florida Agenda*
By Daniel Hicks, 12/11/2014

If you could relocate to another state, keep your high-paying job and avoid $1B in taxes, would you do it? Miami-based Burger King says yes.

A new report by the group **Americans for Tax Fairness** finds that the fast food chain and its major shareholders will save between $400 million to $1.2 billion in taxes between 2015 and 2018 after the company merges with Tim Hortons, a Canadian restaurant operator.

<u>Burger King's move to Canada could save it $1 billion in U.S. taxes</u> -- *Albany (NY) Business Review*
By Shaun Bevan, 12/11/2014

Burger King's plan to move its corporate parent to Canada when it merges with Tim Hortons could save the company $400 million to $1.2 billion in U.S. taxes from 2015 to 2018, according to a report by **Americans for Tax Fairness**…

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<u>Study: Burger King move could save $1 billion in U.S. taxes</u> -- *The Miami Herald*
By Ina Paiva Cordle, 12/10/2014

Burger King's plan to base its corporate parent in Canada after it acquires Tim Hortons will allow the company and its top shareholders to "dodge" $400 million to $1.2 billion in U.S. taxes from 2015 to 2018, according to a newly released report by Americans for Tax Fairness.

The **Americans for Tax Fairness'** report found that by renouncing its U.S. corporate citizenship, Burger King would not have to pay $117 million in U.S. taxes on profits that it held offshore at the end of 2013. "Burger King has been able to indefinitely defer paying taxes on those profits under U.S. law; by becoming a Canadian company it may never pay U.S. taxes on those profits," the report said….

…Burger King also may avoid an additional $275 million in U.S. taxes between 2015 and 2018 because it will no longer have to pay U.S. taxes on future worldwide profits, according to the report from the ATF, a coalition of 425 national and state organizations that advocates for tax reform.