



TAX STRATEGY - UK

Accorhotels in the United Kingdom

DECEMBER 2018

ACCORHOTELS - UK

London, UK

Scope

Accorhotels in the UK comprises two subgroups, AccorHotels UK & Ireland, Accor (U.K.) Limited and subsidiaries, and Onefinestay, Lifealike Ltd and subsidiaries. The both subgroups are 100% members of a multinational group parented in France. The group is a global leader in the hotel and hospitality industry having over 30 brands at nearly 4,500 hotels in more than 100 countries worldwide.

Accorhotels in the UK is responsible for the managed and franchised hotels operating under an Accorhotels brand name in the UK & Ireland as well as other businesses operating in the UK such as luxury vacation rentals.

This strategy concerns both Accorhotels subgroups set out above in respect of the year ended 31 December 2018 and by making this strategy available, Accorhotels in the UK is fulfilling their obligations under Schedule 19 of the Finance Act 2016 and complying with the duty under paragraph 19(2) of that act in the current financial year in the United Kingdom.

This strategy applies from the date of publication until it is superseded. All taxes are covered, including, but not limited to Corporation Tax, Value Added Tax (VAT), Pay-As-You-Earn (PAYE), National Insurance Contributions (NIC), Stamp Duty Land Tax and Insurance Premium Tax.

Any references to Accorhotels UK or Accorhotels in the UK cover the entire UK Group; references to specific companies will show the full company name including the word 'Limited'.

This paper represents the Tax Strategy of the Accorhotels in the UK. It is not intended and should not be inferred that anything contained in this paper represents the tax strategy of any Accorhotels companies outside those of the UK Group.

Governance

Ultimate responsibility for AccorHotels UK & Ireland's tax affairs, decision making and approvals rests with the respective Chief Operating Officers (COOs) of Accorhotels UK & Ireland.

The COO's are advised and assisted on tax matters by the Vice-President - Finance of Accorhotels UK & Ireland.

Day-to-day management of the tax affairs of Accorhotels UK & Ireland is delegated to the Director of Finance and Business Support who reports to the Vice-President - Finance of AccorHotels UK & Ireland.

Ultimate responsibility for Onefinestay's tax affairs, decision making and approvals rests with the respective Chief Operating Officers (COOs) of Onefinestay.

The COO's are advised and assisted on tax matters by the Vice-President - Finance of Onefinestay.

Day-to-day management of the tax affairs of Lifealike Limited and subsidiaries is delegated to the Finance manager who reports to the Vice-President - Finance of Onefinestay.

Senior Accounting Officer

There are senior accounting officers within Accorhotels in the UK who are responsible for ensuring appropriate tax accounting arrangements exist in the business. The duties of the senior accounting officer are carried out in line with the Finance Act 2009 schedule 46. Periodic checks are conducted to ensure existing processes within the tax accounting arrangements are sufficiently robust such that any inaccuracy in a return or document containing figures, arising from any of those processes, would be unlikely to result in a liability to any penalties under tax law.

Managing Tax Risk

Accorhotels in the UK manages risks to ensure full compliance with all applicable laws, rules, regulations, and disclosure requirements; and is committed to acting with integrity and transparency in all tax matters.

The Tax teams at the sub-groups are responsible for ensuring all appropriate tax returns which are completed in an accurate and timely fashion; and for ensuring that the level of tax risk arising from operations is reduced as far as reasonably practicable.

The Tax teams collaborate with all finance and operations teams to provide advice and guidance necessary to ensure compliance. This includes raising awareness of relevant tax law and the implications they may have when reaching business decisions.

Under no circumstances should commercial decisions override compliance with applicable tax law.

Relevant training is provided to staff who manage and/or process transactions, which have tax consequences.

The Tax teams maintain regular contact with the International Tax team based at the Accorhotels Group corporate headquarters for the purpose of ensuring all appropriate personnel are fully aware of the relevant UK tax legislation.

Risk appetite

Accorhotels in the UK positions itself as a prudent tax payer. The level of tax risk which Accorhotels in the UK accepts is consistent with its overall objective of achieving certainty and being transparent in its tax affairs.

Accorhotels in the UK upholds an on-going application of tax governance with internal controls in order to substantially reduce tax risk to as low as practicable. As part of this governance, Accorhotels in the UK regularly reviews those areas of its business which are considered to pose tax risks as well as the controls in place to minimise those risks.

Attitude towards tax planning

As with other aspects of our business, Accorhotels in the UK takes into consideration the views and interests of number of stakeholders when planning its tax arrangements. These include our customers, the shareholders and investors in our parent company, our staff, the government and the local communities in which our hotels operate.

Accorhotels in the UK only structures transactions in a way that reflects a genuine commercial activity. If different methods exist of achieving the same commercial outcome, and presuming that these different methods comply with all relevant legislation, then consideration will normally be given to adopting the most tax efficient approach. When planning transactions, Accorhotels in the UK will usually seek advice from external consultants so as to ensure that it is made aware of and complies with all relevant legislation. External consultants are also engaged periodically to advise on more routine tax matters where the group does not possess suitable in-house expertise, as well as for occasional internal audits and checks of tax returns to provide confirmation that these have been prepared correctly and in accordance with Accorhotels in the UK's processes and procedures.

Accorhotels in the UK does not use marketed tax avoidance schemes or arrangements that fall foul of current regulations. The group has not conducted any transaction that would fall foul of the General Anti-Avoidance Rules (GAAR) or would require notification to HMRC under the Disclosure of Tax Avoidance Scheme (DOTAS) rules.

Accorhotels in the UK does not enter into transactions where its main purpose involves gaining a tax advantage.

Accorhotels in the UK does not conduct any direct lobbying on taxation matters, nor does it seek to influence government tax legislation in any way that is detrimental to our stakeholders' best interests. Accorhotels in the UK is an active member of appropriate industry trade bodies such as the British Hospitality Association (BHA), and any lobbying is made through these bodies.

Working with HMRC

Accorhotels in the UK is committed to conduct its tax affairs in a manner that is consistent with all relevant laws and legal disclosure requirements.

Accorhotels in the UK aims to develop and foster a proactive, professional and transparent relationship with HMRC through communication with relevant HMRC personnel, as well as periodic face-to-face meetings.

Accorhotels in the UK ensures that HMRC is kept aware of significant business transactions as they occur, as well as any developments that might impact not just the operation in the UK but, where relevant, the worldwide Accorhotels group. This might include the acquisition of new business activities, the sale or disposal of any of the group's companies or hotels, major new hotel openings or any group restructuring. Accorhotels in the UK aims to ensure that all tax returns submitted to HMRC are clear and disclose all relevant facts. Where appropriate, Accorhotels in the UK seeks pre-transaction clearances from HMRC. Accorhotels in the UK has in the past provided HMRC with explanations of industry norms and processes so as to assist HMRC in better understanding the hospitality industry and its workings.