

# AccorInvest UK

## Tax

### Strategy

December 2018



## Scope

In May 2018, Accor SA completed a major reorganisation of the Accor Hotels Group by selling a majority stake in its AccorInvest group to a consortium of external investors. AccorInvest is responsible for the owned and leased hotels operating under an Accor brand name. The AccorInvest group is a leading hotel investor, owner and operator, predominantly in Europe, employing more than 30,000 people in over 26 countries worldwide.

AccorInvest in the UK comprises Accor HotelInvest UK Limited and its subsidiary companies. Accor HotelInvest UK Limited is a 100% owned subsidiary of Accor Invest Group SA, registered in Luxembourg.

Accor SA, registered in France and quoted on the main Paris stock market retains a near 35% stake in the AccorInvest group. Since 31 May 2018 a consortium of external investors (sovereign wealth funds and institutional investors etc) have owned the remaining 65%.

AccorInvest, and AccorHotels (responsible for the managed and franchised hotel activities of the Accor Group) are now separate businesses but continue to co-operate closely on matters of common concern, including tax.

This paper sets out the tax strategy of AccorInvest in the UK (comprising Accor HotelInvest UK Limited and subsidiaries). By making this strategy available, the UK sub-group is fulfilling its 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.

This strategy applies from the date of publication until it is superseded.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 AccorInvest UK or AccorInvest 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 AccorInvest in the UK. It is not intended and should not be inferred that anything contained in this paper represents the tax strategy of

- any AccorInvest companies outside those of the UK Group.
- Any AccorHotels companies, both within the UK and those outside the UK. The AccorHotels group in the UK has published its own Tax Strategy Document.

## Governance

Ultimate responsibility for AccorInvest in the UK's tax affairs, decision making and approvals rests with the Chief Operating Officer (COO) of Accor HotelInvest UK Limited.

The COO is advised and assisted on tax matters by the Vice-President - Finance of Accor HotelInvest UK Limited.

Day-to-day management of the tax affairs of Accor HotelInvest UK Limited and subsidiaries is delegated to the Tax Manager who reports to the Vice-President - Finance of Accor HotelInvest UK Limited.

## Senior Accounting Officer

The COO is the senior accounting officer within AccorInvest in the UK, 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

AccorInvest 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 AccorInvest UK Tax team is responsible for ensuring all appropriate tax returns 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 AccorInvest UK Tax team collaborate with all AccorInvest UK finance and operations staff 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 AccorInvest UK Tax team maintain regular contact with the International Tax team based at the AccorInvest corporate headquarters for the purpose of ensuring all appropriate personnel are fully aware of the relevant UK tax legislation.

## **Risk Appetite**

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

AccorInvest 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, AccorInvest in the UK regularly reviews those areas of its business that 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, AccorInvest 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.

AccorInvest in the UK only structures transactions in

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*AccorInvest in the UK seeks to manage risk to ensure compliance with legal obligations in a manner that ensures the payment of the correct amount of tax at the correct time.*

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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, AccorInvest 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 AccorInvest in the UK's processes and procedures.

AccorInvest 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.

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

AccorInvest 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. AccorInvest UK is an active member of appropriate industry trade bodies such as UK Hospitality, and any lobbying is made through these bodies. For example, AccorInvest actively supports UK Hospitality in its campaign to reduce the rate of VAT applied to hotel accommodation.

## **Working with HMRC**

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

AccorInvest 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.

AccorInvest 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 AccorInvest 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. AccorInvest in the UK aims to ensure that all tax returns submitted to HMRC are clear and disclose all relevant facts. Where appropriate, AccorInvest in the UK seeks pre-transaction clearances from HMRC. AccorInvest 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.