

Tax Strategy for Hotelbeds Group

Introduction

Hotelbeds Group is a leading provider of services to the global travel trade. Our business is focused on the distribution of accommodation, transfers & activities in more than 185 countries and we undertake local destination management operations in over 40 countries. Hotelbeds Group's main operations are based in the US, Spain and Mexico which represent the majority of where tax is paid across the business.

At Hotelbeds Group, we take our commitment to corporate and social responsibility very seriously, and as an organisation, we have published our Code of Conduct (our 'Good Business Guide') that provides us with the ethical framework in which we carry out our day-to-day business conduct and decision making. This is available here [\[link\]](#).

As part of this Code of Conduct, each member of the Hotelbeds Group is *"directly responsible for doing the right thing throughout all our day-to-day operations. Our reputation is precious and it is based on the decisions and actions all of us take daily. In a fast-paced, dynamic industry like ours we need to be ready to show we live by what we say, no matter what the situation or context."*

Our Tax Strategy as set out below aligns to this Code of Conduct, and this includes the specific section on Taxation, Anti-Fraud and Anti-Money Laundering within the Code of Conduct.

Objectives and Purpose of this Tax Strategy document

We have developed a set of tax principles within this Tax Strategy document that seeks to set out Hotelbeds' approach in how it conducts its tax operations on a global basis, including dealing with tax risk, our approach to tax planning and in how we engage with tax authorities.

This Tax Strategy is applicable across Hotelbeds Group globally. See Appendix 1 for relevant entities in scope. It is effective for the year ended 30 September 2017. Ownership and responsibility for this Tax Strategy is with the Tax Director of the Hotelbeds group.

This document also meets the requirement for Hotelbeds to publish its Tax Strategy as required by para 16(2), Schedule 19 of the UK Finance Act 2016.

1. Tax compliance and reporting principles

As stated in our Code of Conduct, Hotelbeds Group is subject to the accounting and taxation rules of the various jurisdictions where we have business operations. We work to ensure that our financial books and records are correct and accurate reflections of our assets, liabilities and trading position. This includes our commitment to paying the right amount of tax, tracking our global compliance obligations and ensuring that we correctly interpret all applicable tax laws and regulations in meeting our tax compliance and reporting responsibilities. To keep track of relevant changes in domestic or international tax laws, Hotelbeds maintains subscriptions with organisations such as IBFD, as well as receiving tax updates from various tax advisers.

In undertaking our tax compliance and reporting activities, we always seek to apply diligent professional care and judgement and that there is sufficient evidence to support all decisions made relating to our tax compliance and reporting obligations.

2. Tax Planning

Hotelbeds Group seeks to only engage in tax planning where it is aligned to business and commercial reality. As an organisation, our policy is not to structure our business such that there are operations in favourable tax jurisdictions unless there are genuine commercial reasons for being in those tax jurisdictions.

In carrying out our tax affairs, we will seek to respond to tax incentives and exemptions where governments have introduced them to encourage particular business behaviours. In these cases, and also as appropriate when we undertake tax planning, we will seek external advice to ensure we act legitimately and that our tax affairs align to our commercial activities.

As part of our day-to-day operations across the organisation, the Group Tax Director is consulted as appropriate in relation to the tax impact of any major transactions or business decisions, including acquisitions and disposals. In this way, the Group Tax team at Hotelbeds is able to provide advice in relation to identifying and managing tax risk in relation to business decisions. Similarly, when undertaking cross-border transactions between entities within the Hotelbeds Group, we ensure that these are conducted on an arm's-length basis and in accordance with OECD principles. As above, where appropriate, we seek external advice to support us on this.

3. Governance and Tax Risk Management

Governance:

Our Code of Conduct provides one of our cornerstones of Hotelbeds Group's governance and responsible practices. Specifically, in relation to tax, the group is committed to ensuring we are adequately resourced - including the opportunity to seek external advice – so that we can meet all of our tax obligations. Ultimate accountability for Hotelbeds Group's tax affairs lies with the Board. Day-to-day responsibility of Hotelbeds Group's tax affairs is with the Tax Director, and this includes the implementation of tax risk management procedures within the Group. This includes also formal procedures in how tax risk is escalated to senior management as part of the Group's wider risk management procedures on a quarterly basis as appropriate. Specifically, the Tax Director reports directly to the group's Chief Financial Officer who attends Board and Audit Steering Committee meetings where there is an opportunity to raise specific issues relating to tax risks and external tax developments.

Management of Tax risk: As above, the Tax Director has day-to-day responsibility over Hotelbeds' approach to the management of tax risk on a global basis. This includes a framework through which tax risk is identified, prioritised and monitored, as well as the escalation process.

In relation to our tax risk management processes on a global basis, there are a number of areas where we seek to demonstrate our commitment to management of tax risk. This includes in the UK, where we take seriously our obligations in relation to the Senior Accounting Officer ('SAO') legislation. In this regard, we ensure that there are appropriate tax accounting arrangements in place in relation to our UK tax compliance processes, and that there is appropriate monitoring of these arrangements and associated tax risks on an annual basis.

Similarly in Spain, we seek to adhere to the Código de Buenas Prácticas Tributarias (Code of Good Tax Practices) that has been developed in line with OECD recommendations and requires us to practice transparency, good faith and co-operation with tax administrations. Other examples include our commitment to meeting the requirements of the Foreign Account Tax Compliance Act (FATCA) as proscribed by United States Federal Law.

4. Relationships with Tax Authorities and Governments

As stated in our Code of Conduct, the *“value we place on our relationships with clients, employees and shareholders has guided the way we have run our business and has helped us to become the successful company we are today.”*

Our approach to tax authorities is aligned to this. Specifically, we seek to build collaborative and cooperative relationships with tax authorities on a global basis, reaching early agreement on issues and certainty wherever possible.

We are prepared to litigate where we disagree with a ruling or decision of a tax authority, but will first seek to resolve any disputed matters through pro-active and transparent discussion and negotiation.

Approved by the Board on 13 September 2017



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APPENDIX

This Tax Strategy is applicable to HBG Ltd and its UK subsidiaries as listed within its financial statements