



## **VILLAGE HOTELS<sup>1</sup> TAX STRATEGY YEAR END 31 DECEMBER 2023**

In accordance with FA2016 Sch 19, this document sets out the tax strategy for the UK entities within the Village Hotels group.

Village Hotels is a UK based group which operates wholly within the UK. As such, the vast majority of its internal focus and resource is applied to ensuring the correct tax treatment of its transactions with its customers, suppliers and lenders.

### **Tax Risks and the level of acceptable risk in the Group**

As a group with volume based and cash/cash equivalent based transactions both income and cost related, the group seeks to minimise its exposure to tax risk, the incorrect interpretation or tax treatment of transactions through the use of a cross functional team with representations from finance, internal audit, human resources and payroll working together.

As a large business the business accepts that there is an inherent operational tax risk in the transactional data on which it formulates its tax determinations, as the responsibility for inputting these falls to so many individuals within the business. However, the business seeks to minimise this through training, reviews of processes and policies, checks by internal audit and external review as appropriate (detailed below).

### **Management of Tax Risks**

The Group has put in place an appropriate framework which identifies tax risk, provides a structured approach to processes and controls to mitigate tax risk, and ensures and monitors that the correct tax treatment of transactions is being applied in the wider business. Internal governance processes include a framework for reporting key business risks monthly to the Executive Management Team, which include tax risks if and where appropriate.

Tax compliance is specifically identified as a risk within the Group's corporate risk pillar of its risk control framework, and as such the risk and its management is reviewed by the Core Risk Team at a quarterly risk meeting, as well as by the Senior Risk Committee (comprising CEO, CFO, General Counsel and Director of People and Operations) twice a year. All risks are discussed at Board Meetings with the Main Board.

Operational tax risks identified are included and reported on within the routine internal audit programme, which visits every location unannounced every other year and reports to hotel management, General Counsel, Group Financial Controller and the Head of Commercial Finance as appropriate. Transactional level tax risk is given appropriate focus during the monthly and quarterly preparation of returns for both VAT and employment taxes. Where responsibility for compliance sits across a number of individuals, cross functional business meetings are set up to ensure a cohesive, comprehensive approach.

The Group periodically seeks reassurance from external advisors that it continues to identify the key risks faced by the business associated with each tax, and that its treatment, processes and policies are sufficient to manage those.

Any significant changes in the business or to the tax legislation itself, or large and more unusual or complex transactions, are specifically reviewed from a tax perspective, with external advice sought depending on the complexity and risk involved. This includes any (minimal) non-UK purchases or financing transactions with its non UK parent companies.

For any uncertainty around the interpretation of tax legislation and HMRC guidance, or tax treatment of its limited non-UK transactions, again, the Group looks to its external advisors for assistance and acts accordingly based on the advice given. The Group will also liaise with HMRC, often through its CCM, for advice where appropriate.

<sup>1</sup> VUR Holdings (UK) Limited and subsidiaries



## **Tax Planning**

The Group's commercial objective to expand and drive the Village business forward is key. The Group seeks to implement its strategy for growth within the most tax efficient structure to achieve its commercial goals by applying both the letter and spirit of all tax legislation.

By application of the correct tax treatment to its commercial transactions, the Group seeks to ensure that the right amount of tax is paid at the right time, while making use of tax reliefs that are correctly available to it.

The business regularly discusses its tax agenda and processes with its private equity owner (KSL Capital Partners), and their tax advisors. KSL Capital Partners are supportive of a proactive, open and compliant attitude to tax and want to ensure their portfolio business is up to date with all tax legislation and any potential risks they identify, such as those faced by its other portfolio businesses.

## **Working with HMRC**

The Group strives to ensure that HMRC considers the business to be Low Risk in its management across all taxes by having a proactive, open and honest dialogue on a real time basis where possible. This includes current, future and past tax risks (the business has raised past tax risks identified with HMRC during the year).

The Business meets HMRC regularly and has an open, cooperative relationship with them, Village Hotels is proud of its low risk rating received following its recent Business Risk Review and is keen to maintain this standard.

## **Signed on behalf of Village Hotels**

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above the name Paul Roberts.

**Paul Roberts - CFO & Senior Accounting Officer**