T&L Holdco Limited and its subsidiaries ("Travelodge")
Tax Strategy for the year ended 31 December 2025
(Published in accordance with Schedule 19 Finance Act 2016)

Approach to tax planning

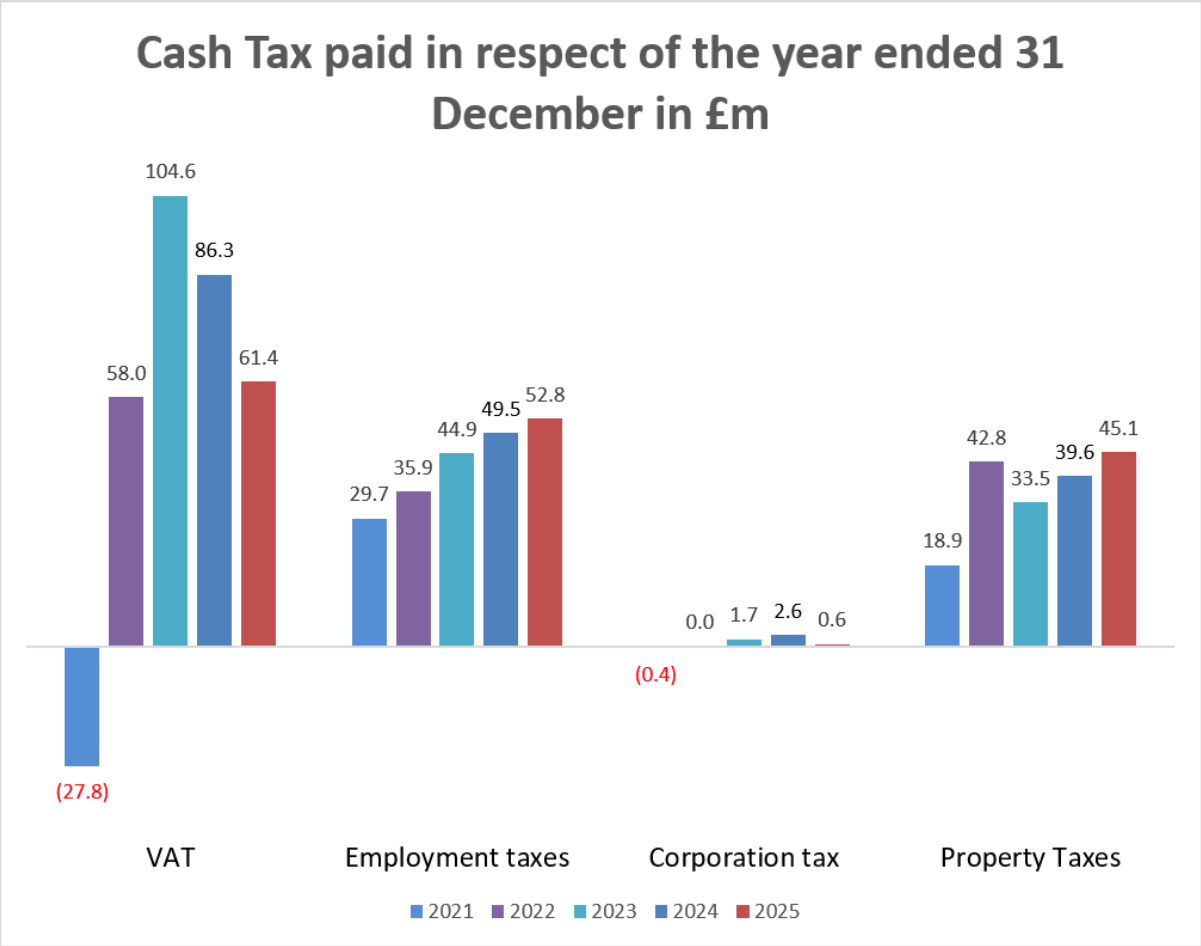
The overwhelming majority of Travelodge's business activity is in the UK. The group operates 630 hotels and employs approximately 13,000 people. As a UK-focused business with a very limited overseas presence, Travelodge's tax profile is not complex.

Following the interposition of T&L Holdco as the new UK parent company of the Travelodge Group in 2024, the group undertook further acquisitions of Freehold and Long Leasehold properties during 2025, whilst continuing to operate its hotel portfolio.

The Travelodge group aims to comply with all applicable laws and regulations in the jurisdictions where it operates.

Cash tax paid in 2025 was £159.9m, compared with £178.0m in 2024. The reduction was driven mainly by lower VAT and corporation tax payment, partly offset by higher employment and property taxes.

The graph below shows the cash payments made in the years 2021 - 2025:



VAT cash paid decreased by £24.9m in 2025, from £86.3m to £61.4m. The reduction in VAT cash paid reflects a combination of the timing of VAT payments around the year end and higher levels of recoverable input VAT during 2025. Recoverable input VAT increased as a result of higher operating expenditure across the business, including inflationary cost pressures, together with input VAT arising on a property transaction during the year. These factors reduced the level of net VAT payable compared with 2024.

Employment taxes increased by £3.3m in 2025, from £49.5m to £52.8m. The increase was driven by higher National Insurance payments following changes to Employer's National Insurance during the year. This was partially offset by lower taxable pay, primarily reflecting a reduced bonus pool compared with the prior year, which also contributed to the reduction in PAYE.

No UK corporation tax was paid in respect of 2024 or 2025. The corporation tax payments included in the table above relate to tax paid in Spain. The reduction in corporation tax payments from £2.6m in 2024 to £0.6m in 2025 therefore reflects movements in the Group's Spanish corporation tax payments.

There were no cash tax receipts in the year in respect of corporation tax for the UK or Spain.

Property taxes increased by £5.5m in 2025. Stamp duty land tax increased by £1.8m from £4.5m to £6.3m while business rates increased by £3.7m from £34.8m to £38.6m. The increase in SDLT during 2025 principally reflects the further acquisition of freehold and long leasehold properties by the Group during the year, resulting in higher transaction related stamp duty costs compared with 2024.

Travelodge does not engage in any contrived or artificial tax arrangements lacking economic or commercial substance.

Approach to risk management and governance

Travelodge has an experienced in-house finance team who manage the group's tax matters. In respect of corporation taxes, Travelodge engages with professional tax advisers to assist with the preparation of calculations and filing of returns. For employment taxes, Travelodge uses a recognised and certified payroll solution to prepare and file relevant returns.

Travelodge values certainty with respect to its tax position and seeks advice from professional tax advisers or HMRC in relation to non-routine matters. The level of risk which Travelodge accepts in relation to taxation is consistent with this approach.

Travelodge seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen.

The Board of Travelodge is informed of the tax implications of any material commercial transactions in which the business participates and is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks.

The company continues to invest in its finance systems in order to ensure the availability of reliable financial information and to ensure the group meets its tax obligations. Travelodge has fully implemented required systems to ensure that it is Making Tax Digital (MTD) for VAT compliant.

Transparency
Travelodge understands its responsibility to pay an appropriate amount of tax and fully supports measures to ensure companies are appropriately transparent about the management of their tax.

The group began preparing Country-by-Country Reports ("CbCR") from the year ended 31 December 2019, in line with the OECD's recommendations arising from its Base Erosion and Profit Shifting ("BEPS") project. The group prepared a CbCR for the year ended 31 December 2020, but reports were not required for the years ended 31 December 2021 or 31 December 2022 because turnover reduced during the Covid-19 pandemic. As the group again exceeded the relevant threshold during the year ended 31 December 2022, management resumed preparing and filing CbCRs for subsequent reporting periods.

Travelodge's CbCR is available to the tax authorities in the jurisdictions where the group operates.

"Pillar Two" is a global agreement to establish a minimum tax regime which will apply to both public and privately held multinational groups with consolidated revenue over €750m.

UK legislation was enacted to introduce the Pillar Two model Income Inclusion Rules ("IIR") into UK law and they will first apply to accounting periods commencing on or after 31 December 2023 for multinational groups which have global revenues exceeding €750m in *two of the previous four years*.

Travelodge has registered accordingly and, working with its tax advisers, prepared and submitted the required Pillar 2 returns in each relevant jurisdiction in relation to the year ended 31 December 2024 in advance of the filing date of 30 June 2026.

The group is working with its tax advisers and auditors to identify any liability, determine the necessary disclosures and prepare and file the required Pillar 2 returns for 2025 and subsequent periods.

Approach to dealing with tax authorities
Travelodge seeks to maintain a collaborative and open relationship with HMRC. In cases of uncertainty with respect to the tax position it adopts, Travelodge proactively consults with HMRC to address any uncertainty.