

## HMRC Tax Approach Disclosure

### Effective 2018

#### **About Epic**

Epic Systems Corporation is a US based software company located in Verona Wisconsin, just outside of Madison - (home of the University of Wisconsin). We have approximately 9,500 employees and a single campus that houses our Corporate Headquarters.

Virtually all of our US based employees work at our Verona campus. We develop software to help people get well, help people stay well, and help future generations be healthier. We license our software to hospitals, clinics and other groups involved in healthcare. Epic provides software and support to several healthcare organizations in the UK through our wholly owned subsidiary, Epic Bristol, Ltd. Epic Bristol was organized in the UK on 5 April 2016.

#### **Management of Tax Risks**

Epic and Epic Bristol have 3 main areas of tax compliance in the UK:

- Collection and remittance of VAT to HMRC
- Compliance with all employee payroll tax requirements
- Timely filing of annual corporate income tax returns and remittance of tax for Epic Bristol

Epic engages the assistance of local accounting firms and other advisors for assistance with the above matters. There are three individuals with primary responsibility for Epic Bristol, one each in Financial Reporting (Accounting/General Ledger); Tax; and Payroll. These individuals review tax and financial reporting filings and are responsible for the initial evaluation of tax issues, if any, as they arise. Non-routine and significant tax issues are reviewed by the Chief Tax Officer and the Chief Financial Officer for approval. Highly material tax issues, if any arise, will be reviewed and approved by the CFO and CTO as well as by more senior management.

#### **Attitude towards Tax Planning**

Epic generally seeks outside tax advice to gain understanding of local country requirements. We wish to appropriately comply with all local country tax requirements. In the UK and other non-US jurisdictions our primary activity is the licensing and support of our software. All software is developed by Epic and licensed to customers either directly or through local country subsidiaries. Epic has a straightforward business structure. Most of the business activity and assets reside in the US parent. We generally organize a local country entity to serve our customers when we enter a new country. We have several subsidiaries for different business lines such as data hosting services or wind generation turbines. Epic does not use an intermediary licensing entity or intercompany debt arrangements. Epic is a research and development centric company, and we receive US tax benefits for such activity.

#### **Epic and Epic Bristol's Tax Risk**

Epic Bristol is a wholly owned subsidiary of Epic. We are proud to be an employee owned, private company. Accordingly, we are not subject to top down sales or artificial profitability goals or other similar expectations imposed by the stock market. We evaluate tax issues applying the same approach

we use for other business decisions - i.e., we consider the relevant factors and reach a reasoned resolution.

**Working with HMRC and Other Tax Authorities**

Epic Bristol is a new entity and has not had much opportunity to interact with HMRC. We expect to cooperate with HMRC inquiries and notices in a timely fashion and on a professional basis. As HMRC publishes guidance on various tax matters impacting Epic Bristol or related entities, we will review and evaluate; seek any needed outside advice; and appropriately comply.