

UNITEDHEALTHCARE UK – 2017 TAX STRATEGY

In the UK, UnitedHealthcare (“UHC”) comprises a number of companies that are part of a wider corporate group wholly owned by the US parent organisation, UnitedHealth Group Incorporated (the “Group”). The Group comprises a diversified healthcare business and is involved in the provision of health benefits and services, including clinical care resources, information and technology to meet the evolving needs of a changing health care environment.

The tax strategy below applies to UHC Companies incorporated in the UK, and complies with the statutory obligations of section 161 and paragraph 19(2) of Schedule 19 of Finance Act 2016.

Approach to risk management and governance arrangements in relation to UK taxation

We want our tax affairs to be transparent and compliant with tax legislation and recognise that managing tax compliance is increasingly complex. Our internal structure is set up to ensure:

- We meet all UK tax requirements, file all UK tax returns and make applicable UK tax payments.
- The Board of directors of each company understands the importance of tax compliance and how it is achieved.
- There is a constant dialogue between the Boards and those individuals tasked with the operation of our finance function, regarding the way our business manages its tax risk.
- We keep under review how we meet our tax obligations, by seeking external tax advice and also how we manage our relationship with tax authorities.

Attitude to tax planning, as it affects UK taxation

We undertake tax planning as part of our overall business strategy. Professional advice is sought on a transactional basis, with the depth of such advice being driven by our assessment of the risk presented by each opportunity.

We do not undertake aggressive tax planning, the sole purpose for which would be obtaining a tax advantage. We have a responsibility to minimise our tax risk and our exposure to negative publicity through non-compliance with tax laws.

Level of risk in relation to UK taxation that we are prepared to accept

We see compliance with tax legislation as key to managing our tax risk. We understand the importance of tax in the wider context of business decisions and have processes in place to ensure tax is considered as part of our decision making process.

Our tax planning aims to support the commercial needs of the business by ensuring that the companies’ affairs are carried out in the most tax efficient manner whilst remaining compliant with all relevant laws. The tax function is therefore involved in commercial decision making processes and provides appropriate input into business proposals to ensure a clear understanding of the tax consequences of any decisions made.

We have relationships with professional advisers that allow us to seek expert advice on complex areas of tax. Our approach is to ensure we are compliant and understand our responsibilities with regards to tax, rather than looking for ways to aggressively avoid payment of tax.

We are conscious of the hugely negative publicity attracted by a bad attitude towards tax, and see strong internal processes and a good relationship with our professional advisors as the best way to manage this reputational risk.

Approach to dealing with the UK tax authorities

Our communication with HMRC is focused around timely tax compliance, for example meeting relevant filing and payment deadlines for taxes due. We commit to:

- Make fair, accurate and timely disclosure in correspondence and returns, and respond to queries and information requests in a timely fashion.
- Seek to resolve issues with HMRC in a timely manner, and where disagreements arise work with HMRC to resolve issues by agreement where possible.
- Employ the services of professional tax advisers to act as our agents, and in a number of cases they liaise with HMRC on our behalf.

Country by Country reporting

This is part of the OECD (Organisation for Economic Co-operation and Development) initiative to require large multinational enterprises (MNE) to report details of taxes paid in each territory where they have a permanent establishment (PE) and to enable these territories to share the information. This is applicable to all MNEs having consolidated annual revenue greater than €750 million.

The Group falls into this category and therefore all companies in the Group must comply with the Country by Country reporting requirements.

The information will be coordinated on behalf of the group companies across the world by UnitedHealth Group Inc and submitted to the Internal Revenue Services (IRS – US tax authority) who in turn will share it with the relevant tax authorities e.g. HMRC.