

**CLOSING AGREEMENT PURSUANT TO THE PROVISIONS OF THE PUERTO RICO
INTERNAL REVENUE CODE OF 1994, AS AMENDED**

THIS CLOSING AGREEMENT is made in quadruplicate under and pursuant to Sections 2811 and 6126 of the Puerto Rico Internal Revenue Code of 1994, as amended (hereinafter "Code").

APPEAR

AS PARTY OF THE FIRST PART: HONORABLE JUAN C. MÉNDEZ TORRES, in his capacity of Secretary of the Treasury of the Commonwealth of Puerto Rico, represented in this Act by Carlos E. Serrano, Assistant Secretary for Internal Revenue (hereinafter "Secretary").

AS PARTY OF THE SECOND PART: XXXXXX (hereinafter "Company"), a corporation organized and existing under the laws of the State of XXXXX, [not] engaged in the trade or business in the Commonwealth of Puerto Rico with Employer Identification Number (EIN): XX-XXXXXXX, Merchant's Registration Number(s) XXXXXXX-XXXX and headquarters in XXXXXX, that is represented herein by XXXXXXX who has been duly designated by the Company to act on its behalf and represent the same before the Department of the Treasury (hereinafter "Department").

WITNESSETH

The parties state that in accordance with the provisions of Section 6126 of the Code, they have full legal capacity to enter into this Closing Agreement and they further state the following:

REPRESENTATIONS

The Company represents to the Secretary that:

1. Company's accounting system is (include a detailed description of Company's accounting system, including the internal controls and the accounting flow of the data that will be used to prepare your sales and use tax returns). Company's accounting system has sufficient internal controls to accrue use tax accurately, and

has the capacity to distinguish the purchases of taxable items from the exempt ones, as demonstrated by the attached sample reports.

2. The following business reasons justify the use of the direct payment permit: (include business reasons).
3. Company has the capacity and is required to comply with the information and payment requirements, as established by Subtitle BB of the Code.
4. Company, as demonstrated by the attached documentation, will annually purchase taxable items with a value of eight hundred thousand dollars (\$800,000) or more, excluding the value of taxable items for which an Exemption Certificate would have been issued in accordance with Section 2502(a) of the Code.

DETERMINATIONS AND AGREEMENTS

Now, therefore, based on the representations made by Company and the information submitted herein, which are considered material facts, THE PARTIES HEREBY AGREE that:

1. The facts described above do not have the purpose of avoiding the payment of the sales and use tax levied by the Department.
2. The Secretary agrees that the Company shall be exempt from paying the sales tax on its purchases of taxable items pursuant to Section 2811 of the Code, including the sales tax that the Department may administer for political subdivisions of the Commonwealth of Puerto Rico.
3. The Secretary agrees to issue a Total Exemption Certificate to the Company. The purpose of said Certificate under this Closing Agreement is to show merchant sellers that the Company has entered into an agreement with the Department, and is entitled to make purchases of taxable items without paying the sales tax as provided in Section 2811 of the Code.
4. The Company agrees to present the Total Exemption Certificate and the Certificate for Exempt Purchases to the merchant seller when making purchases, as established by Article 2811-1 of Regulation No. 7249 of November 14, 2006, as amended.
5. The Company agrees that it shall be responsible for the payment of the use tax directly to the Department, including the use tax that the Department may administer for political subdivisions of the Commonwealth of Puerto Rico.

6. The Company agrees to maintain records of all purchase transactions [available for the Department's review as stated in paragraph number 8 below] at its headquarters.
7. The Company shall timely file any and all sales and use tax returns required by the Code, and timely remit the payment of the use tax to the Department, no later than the twentieth (20th) day of the calendar month following the month during which the purchases occurred.
8. The Company shall provide access to any and all relevant books and records in its custody that may be requested by the Department in connection with any audit and the determination of tax liability resulting from purchases in the Commonwealth of Puerto Rico that may arise for periods beginning on the Effective Date of this Closing Agreement and for all tax periods beginning thereafter.
9. The Secretary may request the Company to post a bond to guarantee the payment of the use tax at any time during the duration of this Closing Agreement.
10. The Secretary will recognize the Company's authority to seek and obtain any refunds that may be appropriate in a manner consistent with Section 2705 of the Code.
11. The Company authorizes the Secretary to disclose to interested parties, the Company's direct payment permit status and the effective dates of said permit.
12. The parties agree that this Closing Agreement shall be binding upon and shall inure to the benefit of the Secretary and Company, their respective successors and assignees.
13. The Company agrees that all notices under this Closing Agreement shall be in writing and sent by certified mail to the following address for the Department and the address set forth on the signature page for the Company.

Puerto Rico Department of the Treasury
Internal Revenue Area
P.O. Box 9024140
San Juan, Puerto Rico 00902-4140

14. Any modifications, amendments and changes to this Closing Agreement are binding only if in writing and signed by an authorized representative of the Secretary and Company pursuant to Section 6126 of the Code.
15. The Secretary or Company may cancel this Closing Agreement at the end of any month with no less than ninety (90) days prior written notice to the other party.

16. This Closing Agreement shall be effective for three (3) years, from _____ until _____.

17. This Closing Agreement, and the matters contained herein, shall be irrevocable, final and conclusive, in accordance with Section 6126 of the Code, except upon showing of fraud, malfeasance, or misrepresentation of material facts. Absent such showing, neither this Closing Agreement, nor any matter accorded herein, shall be reopened or modified by any officer, employee, or agent of the Commonwealth of Puerto Rico, nor shall be annulled, modified, set aside, or disregarded by any person in any law suit, action, or other proceeding.

IN WITNESS WHEREOF, the parties have subscribed and executed this Closing Agreement in San Juan, Puerto Rico this:

Date: _____

SECRETARY OF THE TREASURY

By: _____

Date: _____

COMPANY

By: _____

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