

Guide to Statement of Representations and Inducements

Nature of the Company's business

[Comprehensively describe the company's business, including what the business sells, the services it provides, the date the company or its predecessor started conducting business, any change of ownership, including change of forms of ownership (i.e., incorporation) and any other business facts that might have a bearing on tax liability]

Nature of the Company's present tax contacts with the State of Colorado [the "State"]

[Describe any taxes that the Company presently files with the State]

[State that the Company has, in Exhibit B, checked all taxes that it has reason to believe may be due to the State of Colorado. If the Company has no physical presence in the state, they should register for Retailer's Use Tax. If sales are made into the Denver metro area, the tax rate is 4.1%.]

Facts giving rise to settlement - Determination of tax nexus

[Describe the nature of the contact of the Company with the State of Colorado. Explain the reason for the Company's earlier belief that filing of the relevant taxes was not required. Explain the reason or the change in circumstances that has caused the Company to seek this agreement. Has the Company sought a recent legal opinion which revealed that the Company is liable for taxes in Colorado?]

[State that the Company's past determination that taxes were not due to Colorado was not a result of fraud or gross negligence (either by current management or by previous management).]

Statement of past tax contacts with the State of Colorado, or other states

[Describe any recent (within the last three years) contacts between the State of Colorado and the Company and describe any contacts within the last year between any state and the Company. Has the Company been contacted by the State recently with respect to the filing of taxes? Has the Company recently been contacted by the State with respect to an audit or is the company now under audit? Has the Company been contacted by any state within the last year regarding the filing of taxes?

Statement of collection of sales taxes

[State whether the Company has failed to collect any sales taxes that it was obligated to collect or whether the Company has collected the taxes but failed to remit them to the State.]

Statement of estimated tax liability

If disclosing a prior Sales/Use Tax Liability -

[Give a year-by-year estimate of the amount of sales/use tax that the Company should have remitted to the State for the last three years. State that the sales/use tax liability for the Company for any previous year is no greater than the tax liability disclosed for any one of the last three years.]

If disclosing a prior Income Tax Liability -

[Give a year-by-year estimate of the amount of income tax that the Company should have remitted to the State for the last four full corporate fiscal years. State that the income tax liability for the Company for any previous year is no greater than the tax liability disclosed for any one of the last four years.]