**INDEPENDENT ACCOUNTANT’S AGREED UPON PROCEDURES REPORT**

Date

ABC Company */ (Mr. John Smith*)

San Juan, Puerto Rico

We (I) have performed the procedures enumerated below on the Schedule of Transactions and Balances Informed in the Tax Returns (Schedule) identified below of (name of the company / (John Smith) as required by the Puerto Rico Treasury Department Circular Letter 20-39 (CC RI) in accordance with the Puerto Rico Internal Revenue Code (the Code). The referenced tax returns are: Corporate Income Tax Return; Individual Income Tax Return; Pass-through Companies Income Tax Return as applicable. The company / (John Smith) is (are) responsible for the information presented in the accompanying Schedule.

The Company / (John Smith) has /(have) agreed that procedures enumerated below are appropriate to assist and understand the purpose established by the CC RI to accompany the tax returns for the year ended (day, month, year). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purpose.

The agreed-upon procedures are as follows:

1. We (I) obtained a draft of the income tax return for the tax year ended \_\_\_\_\_\_\_\_20XX and compared the items with the Schedule.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. We (I) compared the amounts included in the Schedule in step 1 with the trial balance and general ledger.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. We (I) determined the materiality to compute sample size for procedures 4, 6, 7, 8, and 10 using the table provided in the CC RI.
2. We (I) compared the amounts included in the Schedule as revenue with the 12 monthly sales tax returns filed for the period. (This procedure only applies to taxpayers subject to sales tax return filing)

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. We (I) compared the amount included in the Schedule with informative returns received for services and obtained a reconciliation between the informative returns (cash basis) with book balance (accrual basis). (*This procedure only applies to taxpayers that provide services and receive informative returns).* For the items in the reconciliation, we (I) selected a sample using the table included in the CC RI to confirm that differences noted are due to the method of accounting used, or your fiscal year.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. We (I) compared the monthly deposits included in the bank statements with the proof of cash reconciliation prepared by you with the revenue accounts in the general ledger and recalculated the mathematical accuracy of the reconciliation with the Schedule.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. We (I) obtained a detail of the bank deposits made in the subsequent month to year end and selected a sample using the table included in the CC RI to inspect invoices, and or other supporting documentation to confirm that transaction was recorded in the appropriate period as derived from the description in the document.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. We (I) compared total purchases declared in the monthly sales tax return or import returns with the cost reconciliation included in the Schedule. Also, compared the inventory balances at beginning and end of year with the general ledger. For other cost items included in the reconciliation, we (I) selected a sample using the table included in the CC RI that are not included in an informative return and compared with supporting evidence such as invoices, receiving report, or other available evidence for the period.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. We (I) recalculated the depreciation expense considering useful lives in accordance with the Code with the detail of depreciation expense prepared by you based on a sample of cost items selected using the table included in the CC RI.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. For the expenses included in the Schedule which are evidenced in an informative return, we (I) compared the amount included in the Schedule with the general ledger. Also, we (I) obtained a reconciliation with the informative returns (cash basis) and book balances (accrual basis) with the schedule. We (I) selected a sample using the table included in the CC RI to confirm that the reconciliation items are the result of the difference in the accounting method or fiscal year. If any item selected represent a transaction with related parties, we (I) compared the name of such related parties with those shown in the (SURI) platform. If the item sampled represents a transaction with a foreign party, we (I) confirmed that such amount was included in the sales tax return self-imposed use tax for the period.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. We (I) selected a sample using the table included in the CC RI of all expense categories not declared in an informative return of any kind and compare with supporting evidence such as invoices, receiving reports, contracts, or any other applicable document to confirm that the expense pertain to the tax period and the evidence is under your name.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. If a sample selected in step 10 above represents a bad debt expense, we (I) confirmed that such amount was not included in the accounts receivable subsidiary at the end of the period when it was registered.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. If the expense item does not represent an incurred or paid item, we (I) recomputed the deduction in accordance with the applicable Special Law.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. If the sample selected in procedure 10 represents an amortization of an intangible asset, we (I) recomputed such expense using the cost of the intangible included in the general ledger over the useful lives in accordance with the Code.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. We (I) compared the amount of dividends included in the Schedule with the general ledger and the applicable informative return and recomputed the withholding at source, if applicable. Also we (I) compared the reconciliation of retained earnings prepared by you to confirm the description of the reconciling items with the tax return.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

1. We (I) compared the accounts receivable related parties identified in (SURI) with the Schedule and the general ledger.

We (I) did not find any differences, and /or exceptions during the performance of the procedure. We (I) did find the following differences and/ or exceptions during the performance of the procedure.

We (I) agreed with you to perform these agreed upon procedures and we (I) conducted our (my) engagement in accordance with standards established by the American Institute of Certified Public Accountants. We (I ) were (was) not engaged in and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Schedule Transactions and Balances Informed in the return Income Tax Return. Accordingly, we (I) do not express such an opinion or conclusion. Had we (I) performed additional procedures, or extended the samples selected, other matters might have come to our (my) attention that would have been reported to you.

We (I) are (am) required to be independent of (the Company) / (John Smith) and to meet out other ethical responsibilities, in accordance with the relevant ethical requirements related to our (my) agreed upon procedures engagement.

This report is intended solely for the information and use of (the Company) / (John Smith) and the Puerto Rico Department of Treasury to accompany the income tax return for the year ended (day, month, year) and is not intended to be and should not be used by anyone other than those specified parties.