

## **Independent Accountant's Report on Applying Agreed-Upon Procedures**

To the Board of Directors of ABC Company / (*Mr. John Smith*)  
and Puerto Rico Treasury Department

We have performed the procedures enumerated below, which were agreed to by the management of ABC Company / (*Mr. John Smith*), and the Puerto Rico Treasury Department (the Department), solely to assist the Company / you and the Department in evaluating the reasonableness of the expenses included in the accompanying Schedule of Expenses Claimed on the Income Tax Return, for the year ended (month, day, year), as required by Sections 1021.02 and 1022.04 of the Puerto Rico Internal Revenue Code of 2011, as amended, and Circular Letter of Internal Revenue No. 19-14 (CL 19-14). The (Company's management or Individual) is responsible for the Schedule. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated exceptions, if any, are as follows:

1. Obtained a draft of the tax return of ABC Company / (*Mr. Smith*) for the year ended \_\_\_\_20XX.
2. Compared the amounts included in the Schedule to the trial balance for the corresponding accounting period or to a detail of items comprising the amount claimed, and found them to be in agreement, except for (describe exception).
3. Computed materiality level in accordance with the criteria established by CL 19-14. The computed materiality was \$XX,XXX.
4. Computed a representative sample using sampling parameters in accordance with the criteria established by CL 19-14. The sample size determined was XX.
5. Allocated the sample size determined in step 4 to the expense categories in the Schedule in accordance with the methodology established in CL 19-14.
6. Obtained for each sample selected in step 5, supporting documentation (e.g. contracts, invoices, purchase orders, receiving report, cancelled checks if paid before the issuance of this report, and other evidence necessary to validate that the expense was incurred) as provided in CL 19-14 for the applicable expense category, and to ascertain that the expense is reasonably related to the operations of the taxpayer (e.g. invoice or receipt is addressed to the taxpayer)

7. Compared the amount of the item selected in step 5 to the supporting documentation obtained in step 6, and found to be in agreement, except for (describe exception).
8. Compared the description on the supporting documentation with the expense category on the income tax return, and found them to be in agreement, except for (describe the exception).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were 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 of Expenses Claimed on the Income Tax Return for the year ended (month, day, year). Accordingly; we do not express such an opinion or conclusion. Had we performed additional procedures, or extended the samples selected, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of (management of ABC Company / *Mr. Smith*), and the Puerto Rico Treasury Department and is not intended to be, and should not be, used by anyone other than the specified parties.

CPA

Lic. XX expiring on December 1, 20XX

Date of Report

City and Country

Stamp No. \_\_\_\_\_ of the Puerto Rico Society  
of Certified Public Accountants was affixed to the  
record copy of this report.