



**MEMO**

**To:** Tennessee Affiliate (“Resident”)  
**From:** Total Gym Fitness, LLC (“Dealer” or “Retailer”)  
**Re:** Collection of Sales Tax in Tennessee

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Effective July 1, 2015, the State of Tennessee amended the Tax Law to require the collection of sales tax by certain out-of-state dealers selling to Tennessee residents. The new law enacted by the General Assembly of the State of Tennessee (Tenn. Code Annotated, Section 67-6-102(23(l))) provides these retailers create a nexus to Tennessee thereby giving Tennessee the right to collect and remit sales tax in the state.

According to the new law, a dealer is presumed to have a representative, agent, salesperson, canvasser, or solicitor operating in Tennessee for the purpose of making sales and is presumed to have a substantial nexus with the state if:

- the dealer enters into an agreement or contract with one or more persons located in Tennessee under which the person, for a commission or other consideration, directly or indirectly refers potential customers to the dealer, whether by a link on an Internet website or any other means; and
- the dealer's cumulative gross receipts from retail sales made by the dealer to customers in Tennessee who are referred to the dealer by all residents with this type of an agreement with the dealer exceed \$10,000 during the preceding 12 months.

A dealer may rebut the presumption by clear and convincing evidence that the person with whom the dealer has an agreement or contract did not conduct any activities in Tennessee that would substantially contribute to the dealer's ability to establish and maintain a market in the state during the preceding 12 months.

Resident hereby certifies law, that effective July 1, 2015, it will not engage in any solicitation activities in the State of Tennessee, and Resident will certify annually, under penalty of perjury, that it has not engaged in any prohibited solicitation activities on Retailer's behalf in Tennessee at any time during the previous year. For the avoidance of doubt, Resident will continue to maintain Internet links to Retailer's website in exchange for commissions on sales generated through such links.

This Memo is intended to represent an agreement between Resident and Retailer satisfying the compliance provisions set forth in the amended law. Resident has been afforded the opportunity to consult with an attorney prior to signing below.

Agreed to by: \_\_\_\_\_  
(Print Name of Resident)

By: \_\_\_\_\_  
Name:  
Title:

Dated: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_