



MEMO

To: South Carolina Affiliate ("Resident")
From: Total Gym Fitness, LLC ("Retailer")
Re: Collection of Sales Tax in South Carolina

Effective January 1, 2016, the State of South Carolina has adopted a "click-through" presumption of nexus standard for retail sales tax purposes. The new law enacted by the South Carolina General Assembly (S. 170) provides these retailers create a "nexus" to South Carolina thereby giving South Carolina the right to collect and remit sales tax in the state.

According to the new law, an out-of-state retailer is presumed to be liable for sales tax or responsible for collecting and remitting the use tax within this state if they:

- enter into an agreement with a resident of South Carolina under which the resident, for a commission or other consideration, directly or indirectly refers potential customers, whether by a link on an Internet website or otherwise, to the retailer, and
- gross more than \$10,000 in sales into South Carolina during the prior calendar year under this type of agreement.

The presumption may be rebutted by proof that the resident with whom the retailer has an agreement did not engage in any solicitation in the State on behalf of the retailer that would satisfy the nexus requirement of the United States Constitution during the twelve (12) calendar months in question.

Resident hereby certifies, that effective January 1, 2016, it will not engage in any solicitation activities in the State of South Carolina, and Resident will certify annually, under penalty of perjury, that it has not engaged in any prohibited solicitation activities on Retailer's behalf in the State of South Carolina 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 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: _____
