



MEMO

To: Washington Affiliate ("Resident")
From: Total Gym Fitness, LLC ("Vendor")
Re: Collection of Sales Tax in Washington

Effective September 2015, the State of Washington has adopted a "click-through" presumption of nexus standard for both retailing B&O tax and retail sales tax purposes. The new law enacted by the State provides these retailers create a "nexus" to Washington thereby giving Washington the right to collect and remit sales tax in the state.

According to the new law, an out-of-state retailer is presumed to have physical nexus within this state if they:

- enter into an agreement with a resident of Washington and pay a commission or other consideration for referrals (such as linking on a website), and
- gross more than \$10,000 in sales into Washington state during the prior calendar year under this type of agreement.

The law applies to business entities physically located in this state and individuals maintaining a residence in this state. In addition to online or other referral arrangements, an out-of-state retailer may engage in other activities in this state through a resident or nonresident agent or other representative that establish nexus with this state

A business may rebut the presumption of click-through nexus by showing that (i) each in-state person with whom the remote seller has an agreement is prohibited from engaging in solicitation activities in this state that refer potential customers to the remote seller, and (ii) such in-state person or persons have complied with that prohibition.

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

This Memo is intended to represent an agreement between Resident and Vendor 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: _____
