

Compliance Assurance Process Memorandum of Understanding

between the
Internal Revenue Service
and the Taxpayer

Taxpayer Name

TIN

For Tax Year Ending

This Memorandum of Understanding (MOU) is entered into between the Internal Revenue Service (IRS) and _____ ("Taxpayer"). Collectively, the IRS and the Taxpayer are referred to as the "Parties."

By executing this MOU, the Parties agree to work collaboratively, transparently, and in good faith to achieve the objectives of the Compliance Assurance Process (CAP).

Program Framework

The CAP consists of three phases: Compliance Assurance Process (CAP), Compliance Maintenance (CM), and Bridge Plus. During each application period, the IRS assigns each taxpayer to the phase that best reflects its compliance history, the complexity and volume of its transactions, and other relevant factors.

Unless otherwise specified in this MOU, the requirements described herein apply to all CAP participants. Where program requirements differ by phase, the applicable procedures are identified within the relevant section. Taxpayers are responsible for complying with the requirements applicable to their assigned CAP phase.

(A) Objectives

The CAP promotes real-time issue resolution through cooperative, transparent, and contemporaneous engagement between the IRS and Taxpayer. The Parties work together throughout the tax year to identify and resolve tax issues before the federal income tax return is filed.

Successful conclusion of the CAP allows the IRS to achieve an acceptable level of assurance regarding the accuracy of the Taxpayer's filed return while substantially reducing the scope and duration of any post-filing examination.

The IRS's participation in the CAP pre-filing review does not constitute an examination or inspection of the Taxpayer's books and records for purposes of IRC 7605(b).

(B) Account Coordinator

At the beginning of the CAP Year, the IRS will assign an Account Coordinator (AC) to serve as the Taxpayer's primary IRS point of contact for all federal income tax matters related to the CAP Year. The AC is responsible for facilitating the CAP, coordinating IRS activities, and promoting timely issue resolution.

If the assigned AC is unable to continue serving in that capacity, or if the IRS determines a replacement is necessary, the IRS will promptly notify the Taxpayer and assign a successor. Any change in IRS personnel does not alter or terminate this MOU.

(C) Duration of the Memorandum of Understanding in the CAP

This MOU is applicable to the tax year ending _____ (the “CAP Year”) and becomes effective immediately upon its execution by both Parties.

Once accepted into the CAP program (“the Program”), the Taxpayer must continue to satisfy all CAP eligibility and suitability requirements and fulfill all expectations applicable to its assigned CAP phase throughout the CAP Year. This MOU remains in effect until all the issues raised during the CAP pre-filing review and the post-filing examination have been completed, the Taxpayer is terminated from the CAP, or the Taxpayer voluntarily withdraws from the CAP.

The Parties must execute a new MOU for each CAP Year.

(D) Roles, Responsibilities and Program Requirements

1. Scope of the CAP review

The IRS and the Taxpayer will work collaboratively, transparently, and contemporaneously to achieve an acceptable level of tax compliance before the Taxpayer files its federal income tax return.

Wholly owned entities of the CAP Taxpayer are included in the CAP and are covered by this MOU. Non-income tax returns, such as Forms 940, 941, 5500, 720 and 1042, are not included in the CAP and may be subject to separate post-filing examinations.

All new CAP Taxpayers under examination can have no more than three tax years open for examination on the first day of the CAP Year. The Parties acknowledge that these open years must be closed by the end of the Taxpayer’s first CAP Year.

As part of the required compliance check for the first CAP Year, the IRS will perform a risk assessment of any unexamined return with an open statute of limitations. If the IRS identifies a material issue, the IRS may place that return under examination. For purposes of the open return eligibility criterion, all unexamined returns placed under examination as part of this process will be treated collectively as one filed return.

Any return placed under examination through this compliance check must be closed by the end of the second CAP Year following the decision to examine the return. Failure to satisfy these requirements may affect the Taxpayer’s eligibility to participate in future CAP Years.

2. IRS Review by CAP Phase

The level of IRS review varies based on the Taxpayer’s assigned CAP phase. Once accepted into a particular phase, the Taxpayer will remain in that phase for the duration of the applicable CAP Year. Although the scope of the review differs among the phases, the Taxpayer remains responsible for maintaining open, transparent, and timely communication with the IRS and fulfilling the requirements applicable to its assigned CAP phase.

Compliance Assurance Process (CAP) Phase

The CAP phase is intended for Taxpayers with material and complex tax issues. All new Taxpayers accepted into the Program will initially participate in the CAP phase.

The IRS performs a comprehensive, contemporaneous review of material issues throughout the CAP Year. To support this review, the Taxpayer must make open, comprehensive, and contemporaneous disclosures of its material business transactions and work collaboratively and transparently with the IRS before filing its federal income tax return.

Compliance Maintenance (CM) Phase

The CM phase is intended for Taxpayers that have demonstrated a history of compliance, cooperation and transparency while participating in the CAP program and generally present fewer complex or material issues. A Taxpayer must successfully complete at least one CAP phase cycle before it may be considered for placement in the CM phase.

The CM phase provides a reduced level of IRS review. However, the Taxpayer remains subject to the same disclosure expectations that apply in the CAP phase and must continue to make open, comprehensive, and contemporaneous disclosures of all material business transactions.

Bridge Plus Phase

The Bridge Plus phase is intended for Taxpayers with few, if any, material issues requiring resolution. Placement in the Bridge Plus phase is determined solely at the discretion of the IRS.

The IRS conducts a risk assessment using provisional return information, supporting documentation, and other information provided by the Taxpayer. If the IRS identifies a material compliance risk during the risk assessment process, the IRS will work contemporaneously with the Taxpayer to resolve or mitigate the risk before the federal income tax return is filed. If necessary, the IRS may conduct an issued focused post-filing examination of unresolved material compliance risks identified during the risk assessment process.

If the filed return is consistent with the provisional return information and no additional material compliance risks are identified during the post-filing review, the IRS generally will accept the return as filed.

3. Materiality Thresholds and Identification of Issues for Review

The procedures described in this subsection apply only to taxpayers participating in the CAP and CM phases.

The Taxpayer and IRS will jointly determine the scope of the CAP review and establish materiality thresholds at the beginning of the CAP Year as part of developing the CAP Plan. Materiality thresholds serve as a guide by both Parties for identifying issues that should be disclosed and considered for review during the CAP Year. The materiality thresholds will be documented in the CAP Plan and apply only to the applicable CAP Year.

Materiality thresholds are intended to promote timely and efficient issue identification and resolution. In general, the Taxpayer should disclose issues that exceed the established materiality thresholds. The Parties will openly discuss situations in which disclosure or review of an issue below the established thresholds may be appropriate.

Although materiality thresholds assist in identifying issues for review, the IRS retains sole discretion to determine the scope of the compliance review and the issues that will be examined. Materiality thresholds may also be reconsidered and modified during the CAP Year if warranted by changes in the Taxpayer's facts and circumstances.

Notwithstanding the established materiality thresholds or issue identification procedures, the IRS may review any issue it determines appropriate, including, but not limited to:

- Listed transactions within the meaning of Treas. Reg. § 1.6011-4(b)(2);
- Transactions of interest within the meaning of Treas. Reg. § 1.6011-4(b)(6);
- Confidential transactions within the meaning of Treas. Reg. § 1.6011-4(b)(3);
- Transactions with contractual protection within the meaning of Treas. Reg. § 1.6011-4(b)(4);
- Schedule UTP items;
- Fraudulent items;
- LB&I compliance initiatives;
- Statutory and correlative adjustments; and

- Emerging issues.

The Parties also reserve the right to correct obvious computational, mathematical, or accounting errors or omissions that are not technical or legal in nature.

Materiality thresholds relate to the total amount of an issue and are not intended to measure the potential tax effect of that issue or any resulting adjustment. Consequently, adjustments resulting from issues reviewed during the CAP may be below the established materiality thresholds. If an issue remains unresolved before the federal income tax return is filed, any resulting adjustments may be made after the return is filed.

4. Issue Disclosures and Required Program Submissions

a. CAP and CM Phases Requirements

Material Issues and Required Disclosures

The Taxpayer will make open, comprehensive, and contemporaneous disclosures of all material issues arising during the CAP Year. A material issue is any recurring or repeating issue that has a change exceeding the established materiality thresholds, any new issue that exceeds those thresholds, or any issue that is required to be reserved or reported on Schedule UTP. An issue is a completed business transaction, a change in accounting method, or any other item that impacts the federal income tax liability.

Each issue disclosure must be made in writing and include a complete description of the issue, including the relevant facts, surrounding circumstances, Taxpayer's proposed reporting position, the tax law supporting that position, and all available supporting documentation. The Taxpayer is responsible for providing sufficient information to enable the IRS to understand, evaluate, and resolve each material issue before the federal income tax return is filed.

Timing of Issue Disclosures

To be considered contemporaneous, the Taxpayer must disclose a material issue within 30 days after completing the transaction or becoming aware that the issue may have a material impact on its federal income tax liability. If complete information is not available within the 30-day period, the Taxpayer will provide all available information within 30 days and supplement the disclosure as additional information becomes available. A complete disclosure should be provided within 90 days after the transaction is completed or the Taxpayer becomes aware of the issue.

To provide sufficient time for pre-filing issue resolution, the Taxpayer should submit all material issue disclosures no later than 90 days after the end of the CAP Year. Disclosures submitted after that date will be accepted but may not be reviewed in pre-filing.

IRS Review of Disclosed Issues

Once the Taxpayer has provided a complete disclosure, the IRS will ordinarily complete its review within 90 days and notify the Taxpayer whether it agrees or disagrees with the proposed tax treatment. If additional time is necessary to complete the review of the issue, the Geographic Territory Manager, who provides management oversight of the CAP cases, in collaboration with the Issue Territory Manager, who provides management oversight of the applicable issue or specialty area (if applicable), may approve additional time. The IRS will promptly inform the Taxpayer whenever additional review time has been approved.

Resolution of Unagreed Issues

If the Parties have not reached agreement within the applicable review period, including any approved extension, an application to Fast Track Settlement (FTS) may be made. If the IRS offers FTS, the Taxpayer must participate in good faith, and both Parties will work collaboratively to resolve the issue. If an issue remains unresolved following FTS, the Taxpayer and IRS may pursue other available issue resolution processes, including consideration by the IRS Independent Office of Appeals, as

appropriate.

Initial Issues List

The Taxpayer must submit the Taxpayer Initial Issues List with its CAP application.

By the opening conference, the Parties will jointly determine which initial issues will be reviewed and included on the initial issues list. The AC will maintain the issues list throughout the CAP Year by adding material issues disclosed by the Taxpayer and issues identified by the IRS after discussion with the Taxpayer.

Any disagreements regarding issues proposed for inclusion on the issues list will be elevated to the Geographic Territory Manager in collaboration with the Issue Territory Manager (if applicable). Although the Parties will work collaboratively to identify issues for review, the IRS retains sole discretion to determine the final scope of the compliance review.

If issues are added to the issues list without prior discussion with the Taxpayer, the Taxpayer may elevate the matter to the Geographic Director, Field Operations (DFO), who provides executive oversight of CAP cases within the applicable geographic practice area.

Required General Information

The Taxpayer will provide information proactively and, upon request, furnish any additional information necessary for the IRS to perform the CAP review. In addition to the disclosures described above, the Taxpayer will provide industry overviews, current legal, accounting and tax organizational charts reflecting all related entities and the flow of relevant information among those entities, financial performance information, information regarding anticipated significant events that may affect reporting for the CAP Year, access to accounting records (as needed), and any other information requested by the IRS to facilitate the CAP review.

Required Financial Statements

Privately held C corporations, including foreign owned corporations, must timely provide unaudited quarterly financial statements and audited annual financial statements. These financial statements must be prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP), International Financial Reporting Standards (IFRS) or any other method acceptable to the IRS, as applicable.

Grandfathered partnerships must timely provide unaudited quarterly financial statements and audited annual financial statements prepared in accordance with U.S. GAAP.

All audited financial statements must be specific to the taxpayer participating in the CAP program and contain an unqualified audit opinion from an independent auditor. Additionally, the net income or loss reported in the audited financial statements must reconcile to the Schedule M-3 Line 4(a), worldwide consolidated net income (loss).

Prior-Year Adjustments and Resolutions

The Taxpayer will provide the AC with tax schedules and computations supporting all rollover and recurring adjustments from any previously examined and closed tax periods that impact the CAP Year return, including the impact of any closing agreements or Appeals settlements.

These schedules and computations must be provided by the time of the opening conference.

The Parties will discuss the effect of such resolutions on any unexamined tax years and on the CAP Year and will incorporate any necessary adjustments, as appropriate.

Material Intercompany Transactions Template (MITT)

The Material Intercompany Transactions Template (MITT) enables the IRS to identify, evaluate, and

assess material intercompany transactions between the Taxpayer and foreign related parties during the CAP Year.

The Taxpayer will provide an Initial, Interim and Final MITT, including the applicable Global Tax Organization Chart (GTOC) and all required IRC 6662(e) transfer pricing documentation in accordance with the instructions to Form 14234-B, Material Intercompany Transactions Template, available on IRS.gov.

MITTs must be submitted in Excel format. MITTs submitted without the required attachments will be considered incomplete.

If the IRS determines that an Advance Pricing Agreement (APA) may be the most appropriate means of resolving transfer pricing issues, the AC will schedule a meeting between the Taxpayer and the IRS Advance Pricing and Mutual Agreement (APMA) program. Taxpayers that have already submitted an APA request under the applicable revenue procedure, or a request for assistance from the U.S. Competent Authority under the applicable revenue procedure must notify the AC. The AC will coordinate, as appropriate, with APMA or the Treaty Assistance and Interpretation Team (TAIT) to ensure ongoing coordination between the CAP and APMA/TAIT programs.

CAP Research Credit Questionnaire (CRCQ)

Taxpayers who are required to submit the CAP Research Credit Questionnaire (CRCQ) with their CAP application must update the questionnaire whenever a material change occurs during the CAP Year.

The Research Risk Review Team (RT) will evaluate the CRCQ to assist the CAP team in determining whether research credit issues should be selected for review.

Cross Border Activities Questionnaire (CBAQ)

The Cross Border Activities Questionnaire (CBAQ) provides information regarding the Taxpayer's anticipated and actual cross border activities during the CAP Year and assists the IRS in identifying potential compliance risks.

The Taxpayer will provide an Initial, Interim, and Final CBAQ in accordance with the instructions to Form 14234-E, Cross Border Activities Questionnaire, available on IRS.gov.

b. Bridge Plus Phase Requirements

The Bridge Plus phase is designed to evaluate compliance through a post-year-end risk assessment rather than contemporaneous issue disclosures during the tax year. Accordingly, the requirements described in this subsection replace the CAP and Compliance Maintenance issue disclosure requirements described above.

Documentation Package

Within four months after the end of the CAP Year, the Taxpayer will submit a documentation package (DP) containing information necessary for the IRS to perform a risk assessment of the Taxpayer's federal income tax return before filing.

The DP must contain sufficient information to enable the IRS to understand and evaluate the Taxpayer's significant transactions, reporting positions, and other matters that may affect the federal income tax return. The DP must include all required Bridge Plus forms, schedules, reconciliations, supporting documentation, and any other information requested by the IRS.

The IRS will review the DP to identify material compliance risks and will work collaboratively with the Taxpayer to resolve or mitigate identified risks before the federal income tax return is filed.

Material Intercompany Transactions Template (MITT)

Bridge Plus Taxpayers are required to submit an Initial MITT as part of the DP due within four months after the end of the CAP Year. The Initial MITT must include the applicable Global Tax Organization Chart (GTOC) and all required IRC section 6662(e) transfer pricing documentation.

When the Taxpayer files the federal income tax return for the CAP Year, the Taxpayer will simultaneously submit a Final MITT together with the applicable GTOC and required IRC section 6662(e) transfer pricing documentation.

MITTs must be submitted in Excel format. MITTs submitted without the required attachments will be considered incomplete.

The IRS will use the MITT to evaluate material intercompany transactions between the Taxpayer and foreign related parties as part of the Bridge Plus risk assessment.

Cross Border Activities Questionnaire (CBAQ)

Bridge Plus Taxpayers are required to submit an Initial CBAQ as part of the DP due within four months after the end of the CAP Year.

The IRS will use the CBAQ to identify and evaluate material cross border activities as part of the Bridge Plus risk assessment.

Draft Return Review

At least 30 days before filing the federal income tax return, the Taxpayer will provide a Draft Return Package (DRP) to the IRS. The DRP will include the draft federal income tax return and a reconciliation between the Schedule M-3 included with the draft return and the Schedule M-3 included with the DP. The reconciliation should identify all differences and include an explanation for all material variances.

If the Schedule M-3 reconciliation identifies unexplained material variances from the DP, the IRS will work with the Taxpayer to resolve or mitigate the compliance risks before the federal income tax return is filed. Material differences that remain unresolved will result in partial acceptance of the filed return and may result in a post-filing examination of unresolved matters.

The Taxpayer should file their tax return by the applicable due date, including extensions.

The Bridge Plus risk assessment is intended to identify and resolve material compliance risks before the federal income tax return is filed. Following the filing of the return, the IRS will compare the filed return to the DRP and DP in accordance with the post-filing procedures described in Section F of this MOU.

c. Requirements Applicable to all Phases

Tax Control Framework Questionnaire (TCFQ)

The Taxpayer will complete the Tax Control Framework Questionnaire (TCFQ) whenever significant changes occur during the CAP Year. Significant changes include items such as major reorganizations, acquisitions, mergers, new tax leadership or outsourcing of the tax function.

The TCFQ enables the IRS to evaluate whether significant organizational changes may affect the Taxpayer's tax control framework and determine whether any changes to the CAP review are warranted.

Notification of Subsequent Resolutions

The Taxpayer will notify the AC of any subsequent resolution of issues from prior tax years within 15 business days after the resolution is agreed upon. The notification must include sufficient documentation to enable the IRS to evaluate the effect of the resolution on any unexamined tax years and on the CAP Year. The Parties will discuss the impact of the resolution and incorporate any necessary adjustments, as appropriate.

Notification of Investigations

The Taxpayer will immediately notify the AC of any investigation initiated by a federal or state agency that may affect the Taxpayer's federal income tax reporting or limit the IRS's access to corporate books and records.

The notification should include a description of the investigation, an explanation of any anticipated limitations on IRS access to records, and any known or anticipated material tax issues resulting from the investigation.

Foreign Examinations

The Taxpayer will notify the AC of any foreign initiated examinations, proposed adjustments, or assessments that may impact income, expenses or credits reported on the Taxpayer's U.S. federal income tax return for the CAP Year or any prior tax year. The Taxpayer will provide updated information as it becomes available.

Information Requests

The Parties anticipate that most information requests can be satisfied through informal communications during the CAP. If a formal Information Document Request (IDR) is necessary, the Parties will discuss the scope of the request and mutually establish reasonable response dates. If the Taxpayer is unable to respond by the agreed-upon due date, the Taxpayer will promptly notify the IRS, explain the reason for the delay, and work with the IRS to establish a revised response date.

The IRS will promptly review responses to informal requests and IDRs for completeness and, after a thorough analysis of the responses, discuss the results with the Taxpayer. The Parties will work collaboratively to facilitate the timely exchange of information and support the CAP objective of resolving issues before the federal income tax return is filed.

The IDR procedures contained in the Internal Revenue Manual (IRM) 4.46.4.7, Information Document Request Process, apply to all formal IDRs issued during the CAP.

Confidentiality

All information provided to the IRS in connection with the CAP constitutes return information protected from disclosure by the confidentiality provisions of IRC 6103.

Applicability of Revenue Procedure 2022-39

The procedures of Revenue Procedure 2022-39, or any successor guidance, do not apply to Taxpayers participating in the CAP.

5. Communication between the Taxpayer and the IRS

Open, timely and transparent communication is critical to the success of the CAP. The IRS and the Taxpayer are expected to communicate collaboratively throughout the CAP Year to facilitate timely issue resolution, promote mutual understanding, and achieve the objectives of the CAP.

The Taxpayer will designate one or more employees to serve as the primary point(s) of contact for the CAP review. Simultaneously with the execution of this MOU, the Taxpayer will provide Form 2848, Power

of Attorney and Declaration of Representative, designating the individuals authorized to represent the Taxpayer and facilitate the exchange of information during the CAP review.

To facilitate timely communication and the secure exchange of information, the Parties will use Secure Email Messaging (SEMS), Taxpayer Digital Communication (TDC), or another IRS-approved electronic information exchange method.

Meetings and Communications

The Parties will communicate regularly throughout the CAP Year. Communications may include telephone conferences, electronic correspondence, virtual meetings, and in-person meetings, as appropriate. Meetings will be held as needed to discuss material issues and required disclosures, exchange of information and supporting documentation, conduct interviews, discuss the status of the CAP, and resolve any concerns that arise.

Each Party will ensure that individuals participating in CAP meetings have sufficient knowledge of the matters under discussion and the authority necessary to facilitate timely resolution.

For Taxpayers participating in the CAP and CM phases, the IRS will provide the Taxpayer with a list of IRS CAP team members during the opening conference. The CAP team may include, as appropriate, the AC, Specialist Revenue Agents, the Case Manager, the Geographic Territory Manager, the Geographic Director, Field Operations (DFO), and other IRS personnel. The Geographic Territory Manager will participate in the opening conference for newly accepted CAP Taxpayers, and as appropriate, for returning Taxpayers. The Geographic Territory Manager should ordinarily participate in at least one meeting during each CAP Year.

Although the Geographic DFO is not expected to attend routine CAP meetings, the Geographic DFO should ordinarily communicate with the Taxpayer at least twice during each CAP Year and participate whenever necessary to facilitate issue resolution or address significant concerns.

Cooperation and Transparency

The success of CAP depends upon the continued cooperation and transparency of both Parties. If either Party believes the expectations of this MOU are not being satisfied, the Parties will promptly discuss the matter and work collaboratively to resolve the concern. These discussions should occur contemporaneously and be documented using the Evaluation of Cooperation and Transparency Form, as appropriate.

(E) Issue Resolution for CAP and CM Phases

The Parties will work collaboratively throughout the CAP Year to identify, evaluate, and resolve material issues before the federal income tax return is filed. Issue Resolution Agreements (IRAs) document the agreed or proposed resolution of issues that have been fully considered by the Parties and provide a written record of the tax treatment determined during the CAP review.

After the Parties have completed their consideration of an issue, the IRS will prepare an IRA, as appropriate. The IRS will prepare a full IRA, including a Form 886-A, when the IRS does not agree with the Taxpayer's reporting position, or when a Closing Agreement is necessary. The IRS will prepare a simple IRA when the IRS agrees with the Taxpayer's reporting position and a Form 886-A is not required.

The IRS will not prepare an IRA for issues resolved solely through factual clarification that do not require written documentation of the tax treatment.

Taxpayer Response

Upon issuance of an IRA, the Parties will establish a mutually agreed-upon response date. The Taxpayer's response will indicate whether it agrees or disagrees with the proposed resolution. If the Taxpayer disagrees with the IRA, it will provide all relevant facts, legal authorities, and supporting

analysis for its position. If the Taxpayer cannot respond by the agreed-upon due date, it will promptly notify the IRS, explain the reason for the delay, and work collaboratively with the IRS to establish a revised response date.

Closing Agreements

Closing Agreements generally are not necessary to resolve CAP issues. However, when the IRS determines that a Closing Agreement is appropriate, the IRS will prepare an IRA documenting the agreed resolution and the proposed Closing Agreement.

The IRS will prepare the appropriate Form 906, Closing Agreement, based on the completed IRA. The Closing Agreement will not be executed until after the CAP Year has ended and the Taxpayer has filed the federal income tax return for that year.

(F) The CAP Conclusion and Post-Filing Review

After the Taxpayer files its federal income tax return, the IRS will conduct a post-filing review to verify that the return reflects the issues resolved during the CAP review and that all material issues were properly disclosed in accordance with this MOU. To facilitate the post-filing review, the Taxpayer is required to electronically file its federal income tax return.

The AC will complete the required filing checks in accordance with IRM 4.10.5.

Post-Filing Representation by Taxpayer

Within 30 days after filing the federal income tax return, the Taxpayer will provide the AC with a Post-Filing Representation by Taxpayer executed by an officer authorized to sign the Taxpayer's U.S. federal income tax return.

Acceptance Letters

After reviewing the Post-Filing Representation, the IRS will determine whether the Taxpayer has satisfied the requirements of this MOU and will issue the appropriate acceptance letter within 45 days after the federal income tax return is filed.

Full Acceptance Letter

If the IRS determines that the Taxpayer has complied with the terms of the MOU and that all material issues were disclosed and resolved through factual clarification, an IRA, or a closing agreement, the IRS will issue a Full Acceptance Letter.

The Full Acceptance Letter constitutes written confirmation that, subject to the completion of the post-filing review, the IRS intends to accept the filed return if it is filed consistent with the resolved issues and no additional undisclosed material issues or correlative adjustments are identified during the post-filing review.

Partial Acceptance Letter

If the IRS determines that one or more material issues were not disclosed or were not resolved before the return was filed, the IRS will issue a Partial Acceptance Letter.

The Partial Acceptance Letter constitutes written confirmation that, subject to the completion of the post-filing review, the IRS intends to accept the filed return except with respect to undisclosed or unresolved material issues, provided the return is filed consistent with the resolved issues and no additional undisclosed material issues or correlative adjustments are identified during the post-filing review.

Post-Filing Review

During the post-filing review, the Parties will jointly review the filed return to verify that all resolved

issues were reported as agreed, all required disclosures were made, and the filed return is consistent with the documentation previously provided during the CAP review. To facilitate this review, the Taxpayer will conduct a walkthrough of the filed return and/or provide a roadmap identifying where resolved issues are reflected on the return.

When a Full Acceptance Letter has been issued, the IRS's goal is to complete the post-filing review within 60 days after the return is filed.

If the IRS determines that the filed return is inconsistent with a factual clarification, an IRA, or a closing agreement; that identified issues remain unresolved when the return is filed; that material issues were not adequately disclosed; or that material compliance risks identified during the CAP review were not adequately resolved, the IRS may examine those issues through the traditional post-filing examination process. Simple IRAs, without Form 886-A, will document issues for which the IRS agrees with the Taxpayer's reporting position. If the IRS proposes an adjustment during the post-filing examination, the IRS will issue Form 5701, Notice of Proposed Adjustment, as appropriate.

If the IRS elects not to review an adequately disclosed issue during the pre-filing stage and the Taxpayer reports that issue on the filed return consistent with the disclosure previously provided, the IRS generally will not review the issue during the post-filing review.

Nothing in this section limits the Taxpayer's right to seek review by the IRS Independent Office of Appeals with respect to any traditional post-filing examination.

No Change Letter

If the post-filing review confirms that all material issues were properly disclosed and resolved and the final return reflects those resolutions, the IRS will issue a No Change Letter, concluding the examination of the Taxpayer's books and records for purposes of IRC 7605(b).

(G) Termination or Withdrawal from the CAP during the Pre-Filing Period

If either Party believes the terms of this MOU are not being met, the Parties will make reasonable efforts to resolve the concern through timely communication and collaboration before considering termination from CAP.

Resolution of Concerns

When concerns arise regarding compliance with this MOU, the Parties will first discuss the matter and attempt to resolve it using the Evaluation of Cooperation and Transparency Form.

If, after reasonable efforts to resolve the concerns using the Evaluation of Cooperation and Transparency Form, as appropriate, the IRS determines that the Taxpayer continues to fail to comply with the terms of this MOU, the Geographic Territory Manager will issue a Written Notice of IRS Concerns describing the specific areas requiring corrective action.

The Taxpayer will have 30 days after receiving such notification to resolve the identified concerns or otherwise demonstrate that it has complied with the requirements of this MOU. If the concerns remain unresolved after the 30-day period, the Geographic DFO will issue a Termination Letter, ending the Taxpayer's participation in the CAP. Following termination, the IRS may conduct a traditional post-filing examination of the Taxpayer's federal income tax return.

Examples of Failure to Comply with this MOU

Examples of significant or consistent failures to comply with the requirements of this MOU include, but are not limited to:

- Failure to timely respond to information requests or providing incomplete responses;

- Failure to participate in meaningful or good faith issue resolution discussions;
- Failure to thoroughly disclose business transactions and material steps in transactions required to be disclosed under this MOU;
- Failure to timely submit required Material Intercompany Transactions Templates (MITTs), Cross Border Activities Questionnaires (CBAQs), or other required CAP submissions, or submitting incomplete or inaccurate information;
- Failure to disclose a reportable transaction or Schedule UTP item;
- Failure to disclose an investigation or litigation that limits the IRS's access to current corporate books and records;
- Repeatedly filing claims or requesting Appeals consideration in a matter inconsistent with the cooperative objectives of the CAP; or
- Failure to comply with any other material requirement of this MOU.

Voluntary Withdrawal

If the Taxpayer determines it can no longer comply with the expectations of this MOU or no longer wishes to participate in the CAP, the Taxpayer may submit a written request to withdraw from the Program.

Upon receipt of the withdrawal request, the IRS will issue a Termination Letter confirming the Taxpayer's withdrawal from the CAP. Following withdrawal, the IRS may conduct a traditional post-filing examination of the Taxpayer's federal income tax return.

(H) Claims and Joint Committee on Taxation Review

1. Claims

If the Taxpayer becomes aware of a potential claim for refund during the CAP Year or while participating in the CAP, the Taxpayer will promptly notify the AC.

All claims for refund or requests for tentative refund affecting the Taxpayer's federal income tax liability must be filed using Form 1120X, Amended U.S. Corporation Income Tax Return, or Form 1139, Corporation Application for Tentative Refund, as applicable.

Taxpayers claiming a refund attributable to the research credit must file their amended return pursuant to Notice 2008-39, or any successor guidance.

Refund claims should satisfy the requirements of Treasury Reg. § 301.6402-2, including all applicable form instructions, supporting documentation, publications, or other guidance available on IRS.gov.

2. Joint Committee on Taxation Review

If, before the filing of the CAP Year federal income tax return, the IRS determines that a refund will be subject to review by the Joint Committee on Taxation (JCT) under IRC 6405, the procedures described in this subsection will apply.

When JCT review is required, any closing agreement prepared during the CAP review may not be executed on behalf of the government until the Joint Committee review has been completed. See IRM 4.36.3.6.4.

Pursuant to IRM 8.13.1.4.4, closing agreements executed by the Taxpayer will be submitted with the original Joint Committee report. If the JCT takes no exception to the report and the proposed closing agreements, the appropriate IRS official may execute the closing agreements.

Full Acceptance Letter

If the IRS issues a Full Acceptance Letter and the post-filing review confirms that all material issues were

disclosed and resolved, and the filed return reflects the agreed issue resolutions, the IRS will submit the case to the Joint Committee Review (JCR) program together with the Full Acceptance Letter.

Following completion of the JCT review and issuance of the Release Letter, the IRS will execute any applicable closing agreements.

Partial Acceptance Letter

If the IRS issues a Partial Acceptance Letter, the IRS will submit the case to the JCR program after all remaining issues have been resolved.

Following completion of the JCT review and issuance of the Release Letter, the IRS will execute any applicable closing agreements.

Agreement of MOU

The undersigned representatives of the Parties hereby indicate their agreement to these objectives, responsibilities, and procedural guidelines. It is understood by the Parties that this document is intended to govern the conduct of the CAP but is not a legally enforceable agreement.

Signatures and dates:

For the Taxpayer (Corporate Officer authorized to sign the Taxpayer's U.S. federal income tax return):

Title: _____

Date: _____

For the Internal Revenue Service:

LB&I Director, Field Operations

Date: _____