

**Closing Agreement on Final Determination of Tax Liability and
Covering Specific Matters**

Under section 7121 of the Internal Revenue Code (Code), _____
_____ [Insert name, address, and taxpayer EIN] (hereinafter the
Taxpayer) and the Commissioner of Internal Revenue (hereinafter the Commissioner)
make the following agreement:

Whereas, Taxpayer entered into a Section 218 Agreement with the Social Security
Administration (SSA) on _____ [Enter date Section 218 Agreement first
entered into].

Whereas, Taxpayer entered into a modification of the Section 218 Agreement with the
SSA on _____ [Enter effective date of Section 218 Agreement
modification], providing for the addition of a coverage group to the Section 218
Agreement for _____ [Enter one of the following
as applicable: 1. OASDI and Hospital Insurance (Medicare) coverage, 2. OASDI
coverage only, 3. Medicare coverage only].

Whereas, the modification of the Section 218 Agreement is retroactively effective for the
period beginning on _____, [Enter effective date of retroactive agreement]
and ending on _____, [Enter last date of retroactive period].

Whereas, Taxpayer has filed Forms 941-X, *Adjusted Employer's QUARTERLY Federal
Tax Return or Claim for Refund*, for each quarter in tax years _____ [Enter
retroactive tax years covered by modification for which Forms 941-X have been filed],
and paid to the Internal Revenue Service the _____ [Enter one of the
following as applicable: 1. OASDI and Medicare, 2. OASDI, 3. Medicare] taxes due as
determined pursuant to the terms of the modification of the Section 218 Agreement for
those years.

Whereas, the parties to this Closing Agreement desire to allow for the assessment of
the _____ [Enter one of the following as applicable: 1. OASDI and Medicare, 2.
OASDI, 3. Medicare] taxes due and owing by Taxpayer for tax year _____ [Insert
calendar year(s) which are subject to this closing agreement] as determined pursuant to
the terms of the modification of the Section 218 Agreement and in accordance with
section 3121(b)(7)(E) of the Code.

NOW IT IS HEREBY DETERMINED AND AGREED, for all employment tax purposes
that:

(1) In addition to any other FICA tax liability due from Taxpayer for the taxable year
_____ [Insert calendar year(s) which are subject to this closing agreement],
Taxpayer's _____ [Enter one of the following as applicable:
1. OASDI and Medicare, 2. OASDI, 3. Medicare] tax liability for the taxable year
_____ [Insert calendar year(s) which are subject to this closing agreement] as

determined pursuant to the terms of the modification of the Section 218 Agreement, is as stated below:

| <u>Taxable period</u> | <u>Type of Tax</u> | <u>Total Medicare Liability</u> |
|--|----------------------------------|---------------------------------|
| [Enter each year Covered by closing For example: | [Enter type of Tax: For example: | [Enter liability for period. |
| 2005 | OASDI | \$ _____ |
| 2005 | Medicare | \$ _____ |
| or | | |
| 2006 | Medicare | \$ _____ |
| or | | |
| 2006] | OASDI] | \$ _____] |

(2) The Commissioner will assess and collect the amount set forth in paragraph (1) above without imposition of interest or penalty on or before 60 days after the date this Closing Agreement is executed on behalf of the Commissioner, notwithstanding any provision of the Code that might otherwise bar assessment and collection of these amounts absent this Closing Agreement.

(3) By signing this Closing Agreement, Taxpayer consents to the assessment and collection of the _____ [Enter one of the following as applicable: 1. OASDI and Medicare, 2. OASDI, 3. Medicare] tax liability determined pursuant to the terms of the modification of the Section 218 Agreement. Taxpayer waives all defenses against and restrictions on the assessment and collection of the liability, and waives any and all claims to refunds or overpayments that relate to the liability.

(4) Taxpayer will file Forms W-2c, *Corrected Wage and Tax Statement*, for each taxable year identified in the modification to the Section 218 Agreement with the SSA and furnish a copy of Form W-2c for each taxable year to each covered employee in the additional coverage group. The Forms W-2c will report the amounts that give rise to the Medicare tax liability as determined pursuant to the terms of the modification to the Section 218 Agreement and this Closing Agreement, and will be filed by January 31 of the year following the year in which this Closing Agreement is executed by the Internal Revenue Service.

(5) Upon execution of this Closing Agreement by Taxpayer, Taxpayer will provide to the Internal Revenue Service a check made payable to the Department of the Treasury for the amount of Medicare tax liability determined pursuant to the terms of the modification to the Section 218 Agreement and this Closing Agreement for the taxable year _____ [Enter year(s) covered by this closing agreement].

This agreement is final and conclusive except

(1) the liability it relates to may be reopened in the event of fraud, malfeasance, or misrepresentation of material fact;

(2) it is subject to the Internal Revenue Code sections that expressly provide that effect be given to their provisions notwithstanding any other law or rule of law except Code section 7122, and

(3) if it relates to a tax period ending after the date of this agreement, it is subject to any law, enacted after the agreement date, that applies to that tax period.

By signing this agreement, the above parties certify that they have read and agreed to the terms of this document.

Signature of Taxpayer's representative

Date signed

Taxpayer (other than individual)

By _____

Date signed

Title _____

Commissioner of Internal Revenue

By

Paul Marmalejo

Date signed

Title Director, Federal, State, and Local Governments