

We refer to the application filed on August 24, 2018, whereby, on behalf of the entity **The Rain and Rose Charitable Fund LLC** (the "Organization"), you requested our determination as to the applicability of the tax exemption provided under Section 1101.01 of Act No. 1 of January 31, 2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico" (the "Code").

The Organization is an entity organized on April 17, 2018, under the laws of the Government of Puerto Rico, for the purpose of raising funds to be donated to other organizations or assistance programs to the residents of Puerto Rico.

Based solely on the information submitted to our consideration, the Department of the Treasury (the "Department") determines that the Organization is exempt from the payment of income tax in Puerto Rico under the provisions of Section 1101.01 (a) (2) (A) (i) of the Code, as a charitable entity.

In accordance with Section 1061.05 (a) of the Code, the Organization must submit annually in the Department, the Income Tax Exempt Organization Form 480.7 (OE). Failure to file the mentioned income tax return could result in a penalty of \$ 500 for each annual return not filed on the date prescribed by the Code. In addition, the Organization must submit annually, before the Assistant Secretary of the Department of Tax Policy of the Department ("Assistant Secretary"), a copy of the statement of income and expenses.

Donations made to the Organization during the term of this exemption may be deductible, subject to the limitations set forth in Section 1033.15 (a) (3) (A) of the Code, if donors are individuals, and in Section 1033.10 (a), when donors are corporations or partnerships.

Any change in the type of income, character, the purposes for which it was organized or in the way of operating of the Organization, must be notified immediately to the Assistant Secretary, in order to determine its effect on the exemption granted here. Any amendment to the articles of incorporation or the internal regulations must also be informed to the Assistant Secretary. In addition, you must notify any change in the name and physical or postal address.

The Organization has the obligation to comply, as a withholding agent, with the provisions of Subtitle A and Subtitle D of the Code, including, but not limited to, Sections 1062.01, 1062.03, 1062.08 and 1062.11 of the Code regarding the retention and payment of the contribution at the source, and to render the Informative Declarations under the provisions of Section 1063.01 of the Code. In the same way, it will render the Monthly Return of the Sales and Use Tax, and any other form or informative declaration that applies.

The Organization is subject to the provisions of Sections 1102.01 and 1102.02 of the Code, relating to unrelated business income, as well as the provisions of Sections 1102.06 and 1102.07 of the Code, relating to the denial of the exemption for prohibited transactions and improper accumulation of income.

In addition, the Organization must comply, at all times, with the provisions of Section 1101.01 (d) (2) of the Code, which states that its operations shall be governed by a board of directors composed of not less than three (3) members of which less than fifty (50) percent may be members of the same family nucleus. Therefore, any change in the composition of the board of directors must be notified, by affidavit signed by the Chairman

of the board of directors, to the Tax Incentives Division of the Department, through which it certifies compliance with the provisions of the Code mentioned above.

In accordance with Section 6051.02 of the Code, the Department is authorized to examine the books of any taxpayer in order to determine the correctness and accuracy of the items claimed in their returns, and to determine the Organization's compliance with the requirements of the Code. The Department has the power to revoke the tax exemption granted here, in any case that it is determined that the Organization is not operating according to the purpose for which it was organized, as established in the documents filed in this Department, or that it is not complying with the requirements of the Code.

We are not issuing any opinion regarding the tax treatment to be conferred on the Organization under other provisions of the Code or the regulations that may be applicable to it, or with respect to the tax treatment of any conditions existing or resulting from the exemption that are not specifically covered by the opinion issued here. This will be valid only based on the continued existence of the facts submitted to our consideration.

The tax exemption that is hereby granted is effective as of April 17, 2018, that is, on the date on which the Organization registered with the State Department.

Cordially,

Francisco Parés Alicea Assistant Secretary

Tax Policy Area