

SNS Project Tax Exemption (11-01)

(a) This Agreement is exempt from State of Tennessee Sales/Use tax for the following supplies and services relating to the SNS facility (TCA 67-6-384): (1) Any property that becomes a component part of or is used exclusively in the operation or repair of the facility; (2) Any services, materials or items furnished or supplied to or used exclusively in the operation of the facility, and (3) Any property, services, building materials, machinery, equipment, supplies, repair parts, replacement materials or other items used exclusively in construction, operation, or repair of the facility or its operation. This exemption applies regardless of whether the property or service is leased or purchased.

(b) Neither the Seller nor subcontractors, at any tier, shall make payment directly or indirectly of Tennessee Sales/Use Tax that is exempt under Part (a). Seller shall not include amounts for payment of Tennessee Sales/Use tax that is exempt under Part (a) in the price of the subcontract. If Seller receives payment under this subcontract for said exempt tax, the Company may make a reduction of corresponding amounts in the price of the subcontract, and/or may demand payment of the corresponding amounts which Seller shall promptly pay. Seller shall also pay any interest, penalties, and administrative charges due.

(c) The State of Tennessee and the Company, or their authorized representatives, shall have access to and the right to examine any of the Seller's directly pertinent records related to the claim of tax exemption or payment of questioned Tennessee Sales/Use tax. Misuse of this exemption may subject Seller to civil and criminal penalties and to termination of this subcontract. Seller shall indemnify and hold Company harmless for any consequences of Seller's misuse of said exemption.

(d) The provisions of this clause, including (d), shall be included in all lower-tier subcontracts with the lower-tier parties appropriately identified.