



What is IVU Loto, how does it impact my business and what do I need to do?

Agenda

We have five primary objectives for today's meeting

1. General Description of the IVU Loto Program
2. General Requirements of the IVU Loto Program
3. Merchant's Options to comply with the Program
4. Significant changes to tax laws
5. Next steps

IVU LOTO

IVU Loto GENERAL INFORMATION



- **What is IVU Loto?**
 - **TAX (IVU) Fiscalization Program.**
 - Targeted at tax evasion on behalf of businesses
 - Designed to increase IVU collections from the current 52% to approximately 70% meaning over \$200 M in annual increased collections for the government.
 - **Consumers are the focus point of making this work.**
 - Consumers will make sure to request receipt upon purchase as it will have a lottery number for a participation in a weekly drawing.

- **How will IVU Loto work?**
 - PR Department of Treasury through its agreements with Softek and Evertec will provide a solution that will Collect and Transmit tax information directly to the Department of Treasury.
 - As part of the solution an IVU Loto number will be printed in sales receipts for participation in a weekly drawing.

- **Is the IVU Loto system secure?**
 - **All transmitted information is fully encrypted**
 - **Only sales and IVU information is collected**
 - Sales and Tax Related (State and Municipal)
 - No PCI related information regarding the card #, cardholder name is transmitted through the devices.

- **Is there a cost for merchants to implement IVU Loto?**
 - IVU Loto should not represent any direct costs to merchants as the PR Department of Treasury provides the fiscal device at no cost.

- **What type of merchants must comply with the IVU Loto requirements?**
 - Any business where face to face transactions take place independent of the tender types accepted.
 - Retail
 - Restaurants
 - Mobile businesses
 - Etc...

IVU LOTO

- What are the prizes offered in the IVU Loto drawings?
 - During the pilot program in Ponce, PR the prize was set at \$1,000 per weekly drawing.
 - The prize for the island wide rollout of the program will be determined shortly.
 - Prizes are TAX FREE



- **When will IVU Loto start?**
 - IVU Loto started in December with a pilot program in Ponce, PR.
 - The Department has already sent out over 470,000 notifications to merchants with a questionnaire.
 - Notifies that the last day to comply with the new IVU Loto requirements is April 30, 2011.
 - Island wide deployment already started in Guaynabo and San Juan.

IVU LOTO

- **How will the IVU Loto devices be provided to the merchants?**
 - The Department in coordination with Softek will provide the devices including the installation based on the needs and requirements of the various merchants.

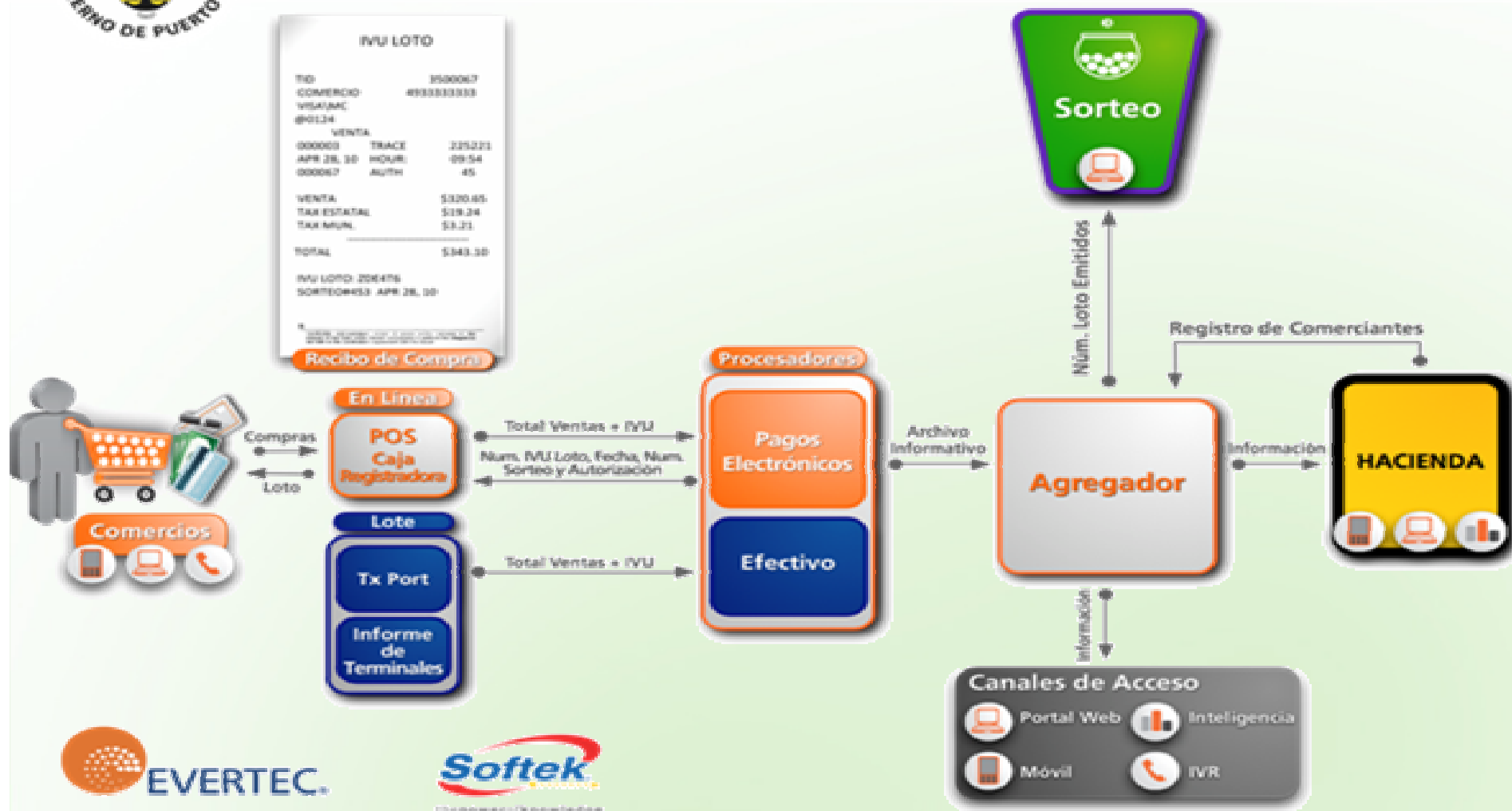


GENERAL REQUIREMENTS

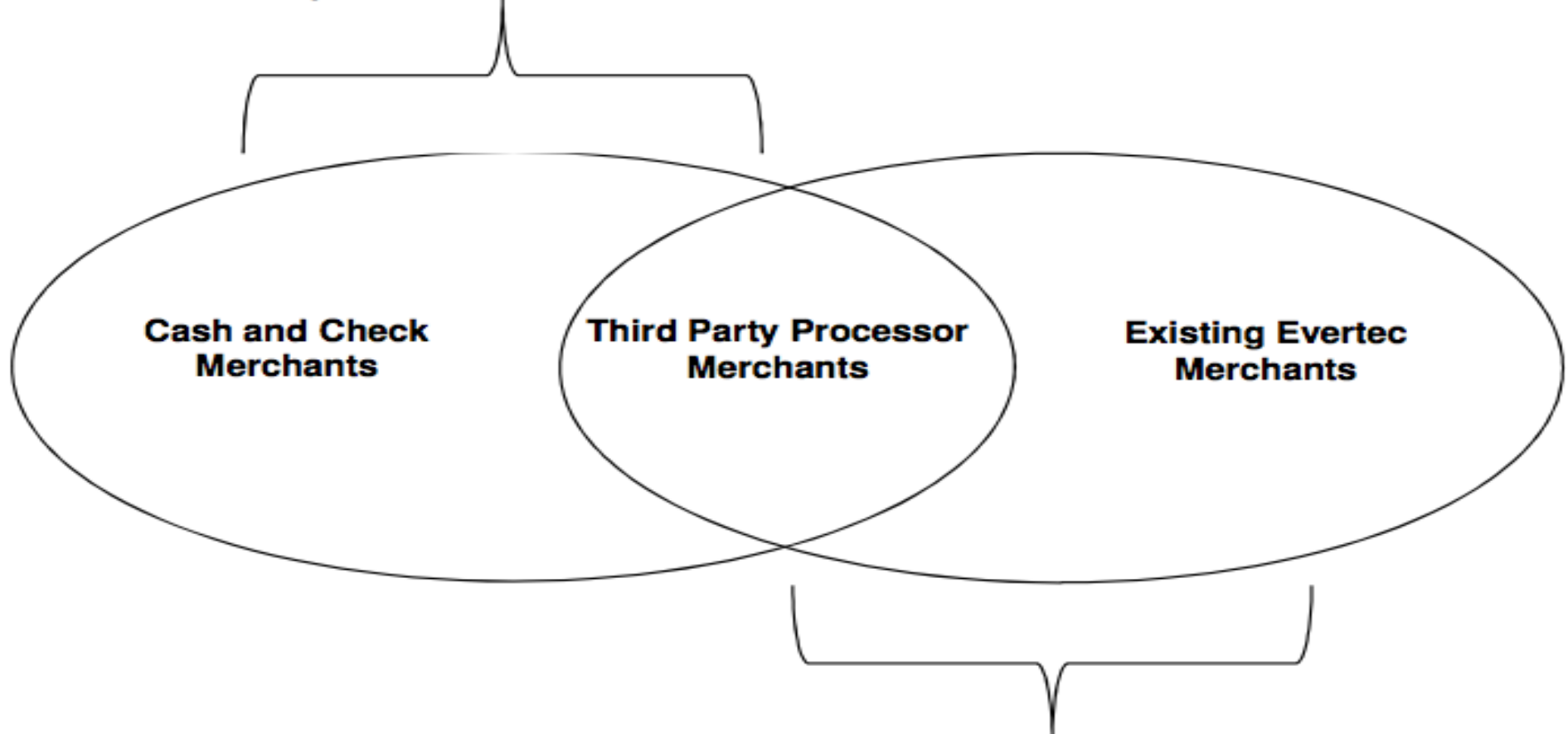
IVU LOTO



Diagrama Funcional del IVU Loto



Softek, to the degree the merchant uses a separate device for IVU lotto



Evertec, to the degree that the merchant modifies its existing POS and integrates with its processor.

Receipt Requirements

- Line 1: IVULOTO: XXXXX-XXXXX
 - Loto number
- Line 2: XX DRAW999 MMM/DD/YY
 - XX – Processor Code
 - DRAW – Identifies the drawing # and date for when the receipt qualifies.
 - 999 – Drawing #
 - MMM/DD/YY - Drawing Date

La Tiendita
Guaynabo, PR
SALES RECEIPT

Receipt: 886
Date: Nov 9, 2010 1:45:15 PM

Item	Price	Value
HelloKoto	\$200.00 x1	\$200.00

Items count: 1

No Tax	\$0.00	\$0.00
Tax 1X	\$200.00	\$2.00
Tax 6X	\$200.00	\$12.00
Tax Total	\$0.00	\$0.00

Subtotal \$200.00
IVU \$14.00

Total 214.00

Cash
Tendered: \$214.00
Change: \$0.00

Cashier: Administrator

Thank you for your visit.

IVULOTO: NOZGU-YB3VD
ST DRAW005 Nov/20/2010
CONTROL: 041-959727

Merchant's Options



What are my options?

- Softek's Fiscal Devices
 - TxPort
 - SUT Reporting Terminal
- Evertec or Certified Processor
 - Requires manual entry of sales and tax collected using an existing credit card POS terminal.
- Self-Processing
 - Requires direct Certification with Evertec for issuance of IVU Loto drawing numbers and sales reporting.
 - Only available to Processors/Acquirers and Merchants that have control over their current Point of Sale solution (ECR software)

Softek's Fiscal Devices

TxPort

- Device that integrates into a cash register or ECR and automatically captures total sales amount and tax data.
- Ideal for all merchants with an ECR whether they process Credit Cards or not.



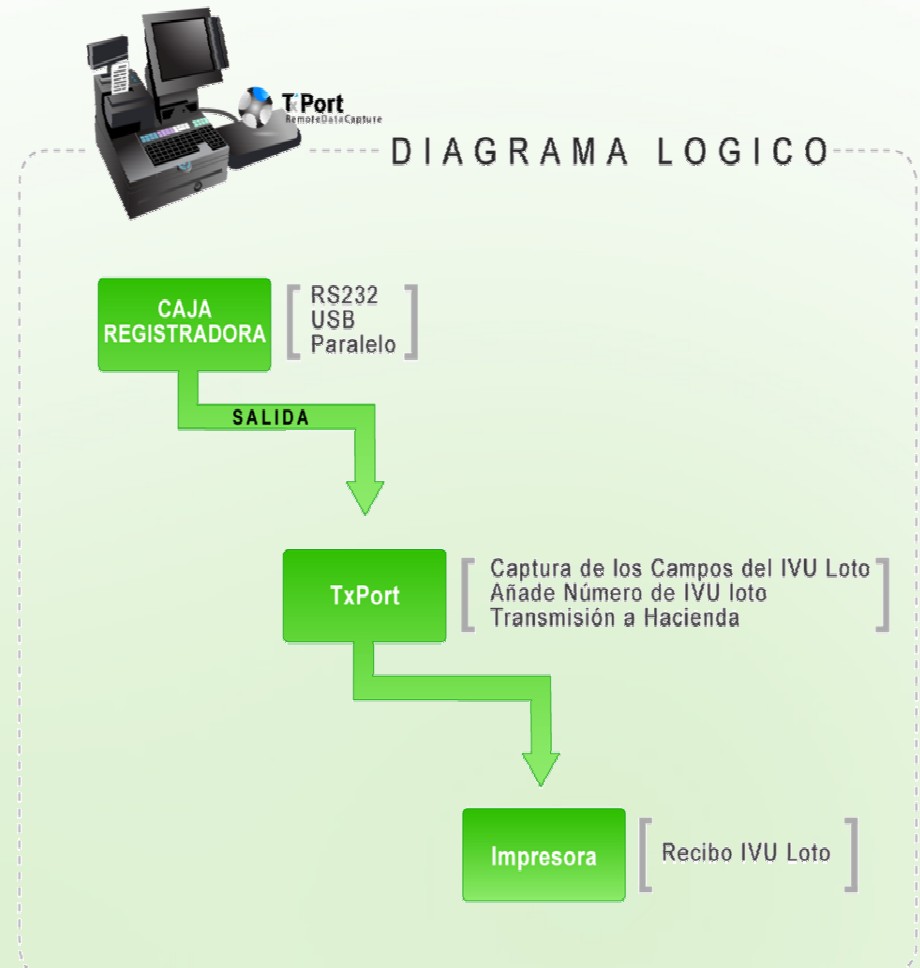
SUT Reporting Terminal

- Separate, stand alone device that requires simple manual entry of sales collected.
- Ideal for Cash and Check only merchants.
- Ideal for merchants who do accept electronic payments with a Bank/ISO processor not participating in the IVU Loto Program



TxPort Functions & Benefits:

- Does not require anykind of intervention on behalf of merchant
 - No separate entry of amounts of sale and taxes
- Does not impact operations such as transaction time or wait-in-line time
- Works offline
- Is installed and serviced by PRDT's assigned personnel.
- Is property of PRDT with no cost for the merchant



TxPort's Connection Methods

- **Serial Connection**

- the device is connected between the cash register and the printer.

- **Web Service**

- Device installed in the “back office” and provides a web service interface that can be queried from the POS software the retailer uses. The POS software will call a web services method and send some basic sales information, in return the web service will return the information necessary to print the IVU Loto number and other control information.

SUT Reporting Terminal Functions & Benefits:

- Simple 2 step process
 - Select tender type
 - Enter sales total
- Works in offline mode
- Wireless/Battery-operated model is available for certain merchants
- Is installed and serviced by PRDT's assigned personnel.
- Is property of PRDT with no cost for the merchant



Evertec's Solution

•Credit Card Transactions

- Merchant will process as a regular card transaction but will be required to enter the Subtotal, Municipal tax and State tax amounts separately.

•Cash / Check Transactions

- Merchant will select IVU Cash on the terminal and enter the subtotal, Municipal tax, and Sales tax amounts separately of sale.



SIGNIFICANT CHANGES TO TAX LAWS

LAW NUM. 171

OF NOVEMBER 15, 2010

- **Section 6108 - Penalties for violation of other dispositions**
 - A fine of **\$20,000** is set for any merchant that does not use or interferes in any way with the IVU Loto fiscal devices or does not issue a receipt with IVU Loto number.

- **Section 6107A-Penalty for not filing the monthly IVU Sales Tax returns forms.**
 - Whichever is greater of \$100 or 10% of the merchants tax payment obligation.

Next Steps

- Register in the Program and selection the solution(s) to be used.
 - <https://ivuloto.pr.gov>
- Coordination of deployment efforts

Questions & Answers