

Transaction Privilege and Use Tax Audit Agreement  
And  
The Arizona Department of Revenue

This Managed Audit Agreement is made this Date  between  
, and the Arizona Department of Revenue and is effective for  
the audit period beginning  and ending

**RECITALS**

**Whereas**, Taxpayer is licensed under the Arizona Revised Statute, with license number  and has transaction privilege and use tax responsibilities to the Department under that license number during the audit period specified in this Agreement.

**Whereas**, Taxpayer has requested authorization to perform a managed audit as authorized by ARS §42-2302 for the audit period specified in this Agreement.

**Whereas**, ARS §42-2301 defines “managed audit” to mean a review and analysis of invoices, checks, accounting records, or other documents or information to determine a taxpayer's liability for tax under the Arizona Revised Statutes

**Whereas**, the Director or appointed designee may, as authorized by ARS §42-2302, permit a taxpayer to conduct a managed audit under ARS §42-2303

**I.**

**PROCEDURES AND GENERAL PROVISIONS**

Department and Taxpayer hereby agree as follows:

1. Department and Taxpayer shall comply with all terms and conditions of this Agreement, including any exhibits, in the completion of the managed audit for the audit period specified in this Agreement.

2. Authorized representatives of the Department and Taxpayer shall jointly develop a managed audit plan for the specified audit period. A summary of that plan as jointly developed and approved by the Department and Taxpayer is referred to in this Agreement as "Audit Plan Summary." Upon written approval by both the Department and Taxpayer, the Audit Plan Summary shall be attached to this Agreement as Exhibit A and shall be incorporated as part of this Agreement for all purposes. The Audit Plan Summary shall include the agreed audit procedures to be applied to each identifiable business segment, of Taxpayer, subject to taxation under the Arizona Revised Statutes.

3. Use of sampling procedures that both parties agree reflect, as closely as possible, the normal conditions of Taxpayer's business as required by the Arizona Revised Statutes, are available for use in the completion of the managed audit. If the Department determines, in its sole discretion, that sampling procedures are appropriate for this managed audit, the Department shall make the sample selections and document them by a written document entitled Block Sample Agreement for each sample approved and authorized. The Block Sample Agreement, issued by the Department, shall be attached to this Agreement as Exhibit B and shall be incorporated as part of this Agreement for all purposes.

4. Taxpayer and Department shall each use their best efforts to complete the managed audit for the audit period specified in this Agreement in accordance with ARS §42-2302 and other applicable law, and the taxpayer shall submit the managed audit final report to the Department for review no later than

5. If the managed audit cannot be completed by the date specified in this Managed Audit Agreement, Taxpayer shall provide written notification to the Department a minimum of thirty (30) days prior to such specified completion date. The written notification shall include detailed reasons the managed audit cannot be completed by the specified completion date, and suggest an alternative completion date. If applicable, a Statute of Limitations extension agreement based upon the alternative completion date shall accompany the notification. The Department reserves the right, in its sole discretion, to accept or reject an alternative completion date and the Statute of Limitation extension. Upon execution, a copy of the Statute of Limitation extension shall be attached to this Agreement as Exhibit C and shall be incorporated herein for all purposes. The Department reserves the right, in its sole discretion, to immediately terminate this Agreement if it determines that Taxpayer has not make a good faith effort to complete the managed audit by the specified completion date, or if any portion of the specified audit period is jeopardized due to Taxpayer's failure to execute a Statute of Limitation extension as specified in this Agreement.

6. Taxpayer shall document in detail the results of the managed audit and provide that documentation to the Department in a format specified by the Department. The Department may, in its sole discretion, examine records and perform reviews that the Department determines are necessary, in order to verify the results of the audit or comply with other applicable law, before the managed audit is finalized.

7. Unless the managed audit or information reviewed by the Department discloses fraud or willful evasion of the tax, the Department may not assess penalties and may waive all or part of the interest that would otherwise accrue on any amount identified to be due based on the results of the managed audit. This subsection does not apply to any amount collected by Taxpayer that was a tax or represented to be a tax but that was not remitted to the Department. In addition, the Department agrees to waive its right to reaudit Taxpayer for any period and for any reporting categories within this Agreement after the managed audit or the deficiency determination resulting from the managed audit becomes final, except as follows: The Department may reaudit if the Department reasonably believes Taxpayer may have committed fraud or taken action to evade taxes, and if appropriate, assess tax, including penalty and interest, within the applicable limitations period.

8. Except as provided by the Arizona Revised Statutes (§42-2303), Taxpayer is entitled to a refund of any tax overpayment disclosed by completion of the managed audit. Taxpayer's failure to identify and claim a refund of an overpayment of tax for any period within this Agreement before the managed audit or the deficiency determination resulting from the managed audit becomes final is a waiver of any demand against the Department for an alleged overpayment of tax, except as follows: Taxpayer may file a refund claim for tax, subject to the applicable limitations period, if a court invalidates a statutory provision, rule or agency policy or if the Department invalidates or modifies a rule or agency policy.

9. Taxpayer represents and warrants that it has not given, offered to give, and does not intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to any public servant or state employee in connection with this Agreement.

10. This Agreement may be amended only by written agreement between the Department and Taxpayer, but in no case shall this Agreement be amended or construed so that it conflicts with the laws of the State of Arizona or rules adopted by the Department under those laws.

11. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona. The venue of any suit brought for any breach of this Agreement is fixed in any court of competent jurisdiction.

12. Time is of the essence in the performance of this Agreement. Taxpayer shall strictly comply with all of the deadlines of this Agreement.

13. Any correspondence related to this Agreement directed to the Department should be addressed to the Director, or appointed designee. Any correspondence related to this Agreement intended for the Taxpayer should be directed to: :

|                 |                      |          |                      |
|-----------------|----------------------|----------|----------------------|
| Taxpayer's Name | <input type="text"/> |          |                      |
| Address         | <input type="text"/> |          |                      |
| City            | <input type="text"/> | State    | <input type="text"/> |
|                 |                      | Zip Code | <input type="text"/> |
| Country         | <input type="text"/> |          |                      |

14. The Department and the State of Arizona shall not be liable for any damages or any other amounts to Taxpayer or any other entity or person resulting from any termination or cancellation of this Agreement for any reason.

**Authorized Signatures**

**Arizona Department of Revenue Taxpayer**

**By:** \_\_\_\_\_ **By:** \_\_\_\_\_

**Name:** \_\_\_\_\_ **Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_ **Date:** \_\_\_\_\_