

Last updated January 1, 2023.

These Avalara License Managed Services Product-Specific Supplemental Terms (“**License Managed Services Terms**”) govern Customer’s purchase and use of Avalara License Managed Services. These License Managed Services Terms are in addition to, and incorporate by reference, the Avalara Service Terms and Conditions available at www.avalara.com/terms (the “**Terms**”). Any capitalized terms used in these License Managed Services Terms and not defined have the meanings given in the Terms.

1. **Services.**

- a. **Uptime Statistics.** Avalara may elect not to provide uptime statistics.
- b. **Account Setup.** After Avalara’s receipt of complete Customer Data pertaining to the fulfillment of the License Managed Services and full payment of fees, Avalara shall provide Customer with access to an Account, pre-configured using Customer Data. “**License**” means federal, state, county, or municipal business licenses, permits, tax registrations, professional licenses, vehicle registrations, contracts, leases, or other documents or licenses.
- c. **Managed Services.** Subject to Customer’s timely compliance with Customer Obligations, Avalara will perform the following License management activities on Customer’s behalf:
 - i. Import Customer’s Licenses;
 - ii. Maintain a License renewal calendar to monitor the schedule for renewal filings;
 - iii. Determine Customer’s monthly License fees and deliver a Funding Request;
 - iv. Preparation and filing of License renewal forms and remittance of fee payments to applicable jurisdictions;
 - v. Preparation and posting of monthly management reports;
 - vi. Procurement of physical License certificates and distribution to business locations where such Licenses must be posted;
 - vii. Imaging and electronic storage of filings and Licenses, where applicable; and
 - viii. Management of notices and routine jurisdictional correspondence on Client’s behalf related to Licenses under Avalara management.
- d. **Exclusions.**
 - i. The Avalara License Managed Services do not include initial License filings, which must be purchased separately. Avalara does not validate or audit Customer Data and is not responsible for the accuracy or completeness of the Customer Data. Unless otherwise provided in an Order Document, Regulated Businesses are excluded. “**Regulated Business**” means (i) a regulated business that requires additional registration steps such as food service, healthcare, or transportation, (ii) an international entity not incorporated in a US state, or (iii) an entity needing Simplified Sales Tax (“**SST**”) registrations.
 - ii. Except for Avalara’s obligations under Section 5 (*Avalara License Managed Services Limited Guarantee*), Avalara is not responsible for handling, administering, or assisting with audits conducted by any jurisdiction or licensing authority, other than to timely provide documentation upon Customer’s request, and to answer routine questions or provide information

relating to the Avalara License Managed Services.

2. **Funding; NACHA Compliance.** Avalara will send a monthly report to Customer with a detail of the estimated fees and expenses for filing the Licenses (a “**Funding Request**”). The Funding Request may, in Avalara’s discretion, contain additional amounts for the purpose of providing reduced interruption in the event of unforeseen License fees, courier fees, or other direct expenses. Avalara may invoice Customer for any direct expenses not covered by the Funding Request.
 - a. **NACHA Compliance.** The funding process described in this section may be subject to the Operating Rules of NACHA, the organization that regulates the ACH network in the United States. To the extent that Customer’s funding is governed by the NACHA Operating Rules, Customer specifically agrees to the following NACHA requirements
 - i. Customer will comply with all applicable requirements under the then-current version of the NACHA Operating Rules;
 - ii. Customer authorizes Avalara to originate the funding requests described in this section (Funding); and
 - iii. Customer will comply with the laws of the United States in providing such funding.
 - b. **Termination for NACHA Non-compliance.** In addition to any other applicable termination rights, Avalara may terminate the Agreement for Customer’s non-compliance with the NACHA Operating Rules if such breach or non-compliance is not cured within 10 days of Avalara first notifying Customer of its non-compliance.
 - c. **Funding Audit.** Avalara has the right to audit Customer’s funding process, at a time and location mutually agreeable to both Customer and Avalara, to ensure compliance with the NACHA Operating Rules and the Agreement.

3. **Customer Obligations.**

- a. **Customer Data.** Customer is solely responsible for the timeliness, completeness, accuracy, and clarity of the information it provides to Avalara. Upon request by Avalara, Customer must promptly supplement the Customer Data to facilitate requests from jurisdictions. Customer must promptly provide Customer Data requested by Avalara, formatted using the template provided by Avalara. Customer must deliver the requested Customer Data to Avalara no later than the earlier of the tenth business day following the request or fifth business day prior to the License filing due date.
- b. **Business Change and Correspondence Notification.** Customer must promptly provide notice to Avalara of the following:
 - i. Scheduled opening of a new business location. Customer must provide notice 90 days in advance of the earliest planned opening date;
 - ii. Change of operating address for a business location. Customer must provide notice 90 days in advance of the effective date of the address change;
 - iii. Changes in corporate structure, including acquisition, divestment, spin-off, material changes in ownership, or sale;
 - iv. New legal name or changes to trade names, commonly referred to as a “DBA;”
 - v. New or altered business activity at any business location, as soon as

Customer becomes aware of such change; and

- vi. Jurisdictional correspondence received by Customer. Customer must provide notice as soon as possible.

If Customer does not provide sufficient notice to Avalara, filings may not be timely.

- c. **License Funding Account.** Customer must fully fund the License funding account designated by Avalara to facilitate remittance of fees for License filings (the “**Funding Account**”). Customer must provide funding by wire transfer, ACH Credit, or other method specified in the Documentation. Customer must fund the Funding Account in the amount and by the dates specified by Avalara in the applicable funding request. Avalara has no obligation to fund or file any License or License renewal which Customer has failed to timely and fully fund pursuant to a funding request. Failure to timely and fully fund is a material breach of the Agreement.

4. Fees.

- a. **License Usage.** Fees for usage are based on the number of Licenses managed by Avalara in the Account at any given time during the Subscription Term. The minimum subscription is 150 Licenses.
- b. **Authorized Users.** Purchase of Avalara License Managed Services includes five Authorized Users. Customer may purchase additional Authorized Users in increments of five during a Subscription Term at Avalara’s then-current pricing.
- c. **Avalara License Managed Services Professional Services.** Delivery of implementation services for any of the Services described in these **License Managed Services Terms** (the “**Professional Services**”) is governed by the electronic SOW located at <https://www.avalara.com/ps-esow>.
- d. **Upgrades and Overages.**
 - i. Subscriptions for Avalara License Managed Services are not subject to automatic upgrades or overages under Section 7(b) (*Automatic Upgrades and Overages*) of the Terms. Customer will not be permitted to exceed its subscription and must upgrade in order to add additional Licenses.
 - ii. If during the current Subscription Term Customer exceeds the number of Licenses purchased, Avalara may, with 30 days’ notice prior to the next Renewal Subscription Term, increase Customer’s subscription renewal to the number Licenses that includes the overages and invoice Customer at the then-current fees at renewal.

5. Avalara License Managed Services Limited Guarantee.

- a. If Customer receives a notice of late filing, failure to renew, or a failure to remit License fees that results in a liability for penalties or interest due solely to Avalara’s failure to timely prepare and file a License it was obligated to file (an “**Avalara Error**”), Avalara will pay Customer the lesser of either: (i) the amount of penalties and interest that directly resulted from the Avalara Error, as specified in the final assessment notice received from the applicable jurisdiction after all administrative appeals and abatement options are exhausted, or (ii) the amount of the Avalara License Managed Services fees paid by Customer during the year in which the Avalara Error occurred (as determined by subsection (c) below).
- b. The following limitations apply to the Avalara Managed Services Limited Guarantee:
 - i. Customer must have properly maintained its profile and Customer Data pursuant to Section 4(a) and have correctly determined the applicability of a

License to its business operations. To the extent that the incorrect result was caused by Customer's failure to properly set up, configure, or maintain its Customer Data or determine the applicability of a License to its business operations, Avalara will not be responsible for the error.

- ii. Avalara will not be responsible for the incorrect result to the extent that it was caused by the failure of the applicable jurisdiction to timely and accurately provide or update correct License filing rules or procedures.
 - iii. Customer must provide notice to Avalara no later than the earlier of either (1) 10 days after the licensing authority's finding of a negative License finding, or (2) 45 days after the date that Customer identifies, or the applicable jurisdiction initially identifies to Customer, an issue that relates to the alleged error. Such notice must be sent to accuracy@avalara.com.
 - iv. Customer must provide full and timely assistance to Avalara in confirming the nature and occurrence of the alleged error, including providing Avalara with access to its relevant business records, transaction logs, reports, and all other relevant information reasonably related to the alleged error.
 - v. Customer must provide full and timely assistance to Avalara in challenging the jurisdiction's findings if Avalara, in its sole discretion, determines them to be incorrect. To the extent that a matter involves other issues in addition to the alleged Avalara Error, Customer, its Representatives, and Avalara will work together to ensure a collaborative response.
 - vi. Upon first becoming aware of a potential error related to a License filing, Customer must take reasonable steps to mitigate its losses.
- c. For purposes of calculating the amount of the Avalara License Managed Services fees paid that are eligible for this limited guarantee, the amount will be the fees actually paid by Customer to Avalara for Avalara License Managed Services and the time period will be the 365 days preceding the final assessment of penalties or interest after all appeals and abatement options have been exhausted (e.g., in the case of a final assessment issued by a taxing authority on March 31, 2020, the period used in the calculation will be from April 1, 2019, to March 31, 2020). For clarity, the parties acknowledge that fees paid for Avalara License Managed Services do not include any fees paid for ancillary Professional Services or any other one-time fees .
 - d. If the applicable jurisdiction alleges other errors in addition to the alleged Avalara Error, the amount to be paid by Avalara under this Avalara License Managed Services Guarantee will be the percentage of the final assessment amount allocable to the alleged Avalara Error.
 - e. Avalara will make the Avalara License Managed Services Limited Guarantee payment within 30 days after the date that Avalara receives the final assessment notice from the applicable jurisdiction, after all administrative appeals and abatement options are exhausted. Avalara may also, in its sole discretion, make the payment at an earlier date, in which case Customer's obligations to continue to assist Avalara in contesting the Avalara Error will cease on the date of the payment.
 - f. Customer must have a current Avalara License Managed Services subscription in good standing when the claim is submitted to Avalara to be eligible to receive payment under this Avalara License Managed Services Limited Guarantee.