

U.S. and Canada Returns

Last updated May 1, 2023.

These Avalara Returns Product-Specific Supplemental Terms (“**Returns Terms**”) govern Customer’s purchase and use of Avalara Returns. These Returns 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 Returns Terms and not defined have the meanings given in the Terms.

1. Use of the Services.

- a. **Account Setup.** Customer shall provide Avalara with all information requested by Avalara to establish and set up Customer’s account for Avalara Returns (the “**Onboarding Requirements**”). Such information includes: (i) a list of taxing jurisdictions for which Customer requests Avalara prepare Returns (as defined in Section 3(a) below) (each, a “**Filing Jurisdiction**”); (ii) the dates for filing Returns in each of the Filing Jurisdictions (the “**Scheduled Returns**”); (iii) the entities (e.g., Customer or its Affiliate) for which Avalara will be preparing Returns (the “**Filing Entities**”) and which Filing Jurisdictions apply to each Filing Entity; (iv) tax registration numbers and login information for each Filing Entity in each Filing Jurisdiction sufficient to allow Avalara to identify and access each Filing Entity’s account in that Filing Jurisdiction (the “**Account Information**”); (v) copies of each Filing Entity’s previous filings in the Filing Jurisdictions, as requested by Avalara; (vi) completed power(s) of attorney for each Filing Entity, including the power of attorney described in Section 2(c)(i) (Funding) below; and (vii) other information necessary to properly configure Customer’s Account and prepare the Returns. Customer authorizes Avalara to access Customer’s accounts using Customer’s Account Information. Customer is solely responsible for timely providing and maintaining accurate, complete, and current information regarding the Filing Jurisdictions, the Scheduled Returns, the Filing Entities, and the Account Information (collectively, the “**Filing Information**”), and Avalara has no obligation to audit, verify, correct, or maintain any Filing Information.
- b. **Changes to Filing Information.** Customer shall review its Filing Information periodically and shall promptly communicate any changes to Avalara. Customer shall submit any changes to the Filing Information to Avalara by the deadline specified in the Documentation. Any changes received after the deadline specified in the Documentation will be implemented and become effective in the subsequent month.
- c. **License.** Avalara grants Customer a limited, nonexclusive, nontransferable, non-assignable, worldwide license to use and retain the Content that is returned by the Services to Customer solely for its internal compliance purposes in connection with the specific Return for which it was received.

2. Customer Obligations.

- a. **Tax Data.** Customer is solely responsible for the accuracy and completeness of all the data necessary to properly complete Returns (the “**Tax Data**”) and all Filing Information. Avalara does not audit, validate, or verify Tax Data. Customer shall transmit to Avalara via the method designated by Avalara all Tax Data for Customer’s Return(s) before the Tax Liability Approval Deadline (as defined in Section 2(b) below).
- b. **Tax Liability.** Customer will be able to view and approve Customer’s tax liabilities to Filing Jurisdictions, which are based on the Tax Data (each, a “**Tax Liability**”). Customer is solely responsible for the accuracy and completeness of Customer’s Tax Liability and may modify its Tax Liability up to the deadline specified in the Documentation for Returns to be filed in that month (“**Tax Liability Approval Deadline**”). Customer’s Tax Liability is updated daily to include new or edited data until the earlier of approval by Customer or

the Tax Liability Approval Deadline. After the earlier of (i) Customer's approval or (ii) the Tax Liability Approval Deadline, Customer's Tax Liability is locked and deemed approved by Customer. Customer's Account will display any tax amounts due (the "**Taxes**") based on the approved Tax Liability. Customer acknowledges and agrees that its failure to provide accurate, current, and complete Account Information (for example, tax registration numbers) may limit Avalara's ability to file Returns and remit Taxes.

- c. **Funding.** In accordance with this Section 2(c), Customer shall timely make sufficient funds available to pay the Taxes for any applicable Return ("**Tax Funds**") prior to the deadline specified in the Documentation. Avalara will not provide any Tax Funds. Notwithstanding any other provision of the Agreement, Customer shall defend, indemnify, and hold Avalara, its Affiliates, and their respective officers, directors, employees, and representatives harmless from any Losses arising out of or related to Customer's failure to timely provide immediately available Tax Funds for Taxes due. In order for the Tax Funds to be remitted timely to the applicable Filing Jurisdiction, Customer must do the following:
- i. Customer shall execute limited power(s) of attorney in the form requested by Avalara. Upon termination of Customer's subscription to Avalara Returns, Avalara shall cease to use any power or authority granted by a power of attorney signed by Customer.
 - ii. Customer shall provide bank account information for a bank account (the "**Bank Account**") from which Customer authorizes Avalara to draw by ACH to pay Customer's Taxes and any applicable Avalara Returns fees and Expenses, by the deadline specified in the Documentation. If the ACH payment Avalara draws from the Bank Account is cancelled or returned other than by Avalara, that will be considered a failure to timely fund the Bank Account. Avalara may suspend or terminate Customer's subscription to the Avalara Returns immediately upon notice if Customer fails to timely and sufficiently fund the Bank Account.
 - iii. Customer shall ensure the Bank Account has sufficient Tax Funds to pay the Taxes and, if applicable, Customer's Avalara Returns fees and Expenses, by the deadlines specified in the Documentation. If Customer fails to timely fund the Bank Account, Customer shall remit payment for the Taxes plus any interest or penalties that may accrue directly to the applicable Filing Jurisdiction.
 - iv. Customer authorizes Avalara to (i) withdraw the Tax Funds to pay the Taxes in accordance with the Scheduled Returns, including making any required prepayments; and (ii) if applicable, withdraw Customer's Avalara Returns fees and Expenses.

3. **Avalara Obligations.**

- a. **Returns Preparation and Filing.** Avalara will prepare and file Returns for the Filing Entities and in the Filing Jurisdictions agreed by Avalara and Customer. Avalara may begin filing a Return as soon as Customer approves the related Tax Liability. Each (i) standard tax return filing, (ii) Non-Standard Form (as defined in Section 7(d) below), or (iii) prepayment mandated by a Filing Jurisdiction and submitted without (i) or (ii) prepared for one Filing Jurisdiction for one filing period will count as one "**Return.**"
- b. **Funding.** Avalara will remit Taxes for the agreed-upon Filing Entities in agreed-upon Filing Jurisdictions, provided Customer has timely made Tax Funds available. Avalara

shall not provide funds to pay Taxes. If Tax Funds are not timely available to Avalara for remitting, Avalara will file the Return(s) without payment.

- i. Avalara will draw upon the Bank Account to pay the Taxes. Typically, these draws occur between the 11th and 14th day of the month but may occur without notice at any time after the Tax Liability Approval Deadline. Notwithstanding the foregoing, if Customer owes any prepayments to Filing Jurisdictions, the draw may occur earlier.
 - ii. Each month, if applicable, Avalara will draw upon the Bank Account to pay Avalara Returns fees and Expenses due.
 - iii. Avalara shall hold the Tax Funds in a trust account prior to disbursement to the applicable Filing Jurisdiction. Avalara holds all Tax Funds in trust for the benefit of the applicable Filing Jurisdiction and shall not commingle the Tax Funds with its general funds but may commingle the Tax Funds with funds held in trust on behalf of other Avalara customers. Any interest earned on the Tax Funds accrues for the benefit of and is the sole property of Avalara.
 - c. **Carry-over Credits.** If a Filing Entity has a tax liability credit in Avalara's records (a "**Carry-over Credit**") due to a credit invoice corresponding to a particular Filing Jurisdiction, Avalara will apply the Carry-over Credit to the next Return for that Filing Entity in that Filing Jurisdiction with a liability equal to or in excess of the Carry-over Credit, provided that if it cannot be applied within the timeframe listed in the Documentation, the Carry-over Credit will expire and Customer must file an amended Return with the Filing Jurisdiction if it wishes to recover the liability associated with the credit invoice.
4. **Notice Management.** Customer will receive all notices relating to Customer's Returns directly from Filing Jurisdictions. Some notices are informational in nature (for example, changes to the Scheduled Returns or tax rate changes) while others are error notices relating to Returns. In the Documentation, Avalara provides recommended actions for Customers to resolve informational notices. During the Subscription Term, for any error notice relating to a Return filed or Taxes remitted by Avalara, Customer shall immediately, and not later than 10 business days after the date of such notice, electronically deliver such notice to Avalara. Such notice must be submitted by following the instructions in the Documentation. During the Subscription Term, Avalara will respond to notices for Returns filed and Taxes remitted by Avalara. In the case of notices received by Avalara more than 10 business days after the date of the notice, Avalara may delay response or not respond or, if Customer asks Avalara to expedite the notice response and Avalara agrees, to charge an additional fee to expedite the notice response. Customer is responsible for responding to or otherwise addressing all other notices. Avalara shall have no responsibility for any notice management upon expiration or termination of the Subscription Term.
5. **Returns Guarantee.** Avalara provides a guarantee of the timeliness of Returns prepared and filed through Avalara Returns (the "**Returns Guarantee**") under the following terms:
 - a. If Customer receives a notice of late filing, failure to file, or a failure to remit Taxes that results in liability for penalties or interest due solely to Avalara's failure to timely prepare and file a Return it was obligated to file or to timely remit Taxes it was obligated to remit (an "**Avalara Error**"), Avalara will pay Customer the lesser of either: (i) the amount of the penalties and interest that directly result from the Avalara Error, as specified in the final assessment notice received from the applicable Filing Jurisdiction after all administrative appeals and abatement options are exhausted, or (ii) the amount of the Avalara Returns fees paid by Customer during the 365 days preceding the final assessment of penalties or interest for the Avalara Error (calculated as described in subsection (c) below).
 - b. The following conditions apply to the Returns Guarantee:
 - i. Customer must have met all of its obligations under the Terms and these

Returns Terms, including providing and maintaining accurate, complete, and current Filing Information and Tax Data; timely providing all Tax Funds; and timely paying Avalara Returns fees. To the extent the Avalara Error was caused by Customer's failure to perform any of the obligations in these Returns Terms or the Terms, the Returns Guarantee will not apply.

- ii. Customer must not have requested changes to Customer's Tax Liability after the Tax Liability Approval Deadline.
 - iii. Customer must promptly forward any notices and relevant information from the Filing Jurisdiction within 10 days of the date of the notice.
 - iv. Customer must assist Avalara in challenging the Filing Jurisdiction's findings if Avalara deems it appropriate in Avalara's sole discretion.
 - v. Customer must assist Avalara's efforts to abate or reduce the amount of penalties or interest imposed by the Filing Jurisdiction.
- c. For purposes of calculating the amount of the Avalara Returns fees paid that are eligible for the Returns Guarantee payment, the amount will be the fees actually paid by Customer to Avalara for Avalara Returns, 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 Returns do not include any activation fees, fees for ancillary Professional Services, or any other one-time fees.
 - d. If the audit implicates other issues in addition to the alleged Avalara Error, the amount to be paid by Avalara under this Returns Guarantee will be the percentage of the final assessment amount equal to the percentage of the final assessment related to the alleged Avalara Error.
 - e. Avalara will make the Returns Guarantee payment within 30 days after the date that Avalara receives the final assessment notice from the applicable Filing 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 Returns subscription in good standing when the claim is submitted to Avalara to be eligible to receive payment under this Returns Guarantee.

6. **Avalara Returns Data Storage.**

- a. **Included Storage.** Avalara Returns includes access to stored transaction data for the current and previous four calendar years.
- b. **Extended Storage.** Avalara will charge a fee to access older transaction data. Fees for access to older transaction data are based on the number of "**Stored Documents**" recorded prior to the previous four calendar years. Avalara will charge a number of Stored Documents equal to the greater of (i) the number of Documents (defined in the [AvaTax Product-Specific Supplemental Terms](#)) recorded; or (ii) the total number of invoice lines in the Documents recorded divided by 35. Avalara sells Stored Documents in increments of 25,000 (each increment, a "*Storage Unit*").

7. **Fees.** Customer agrees to pay fees for Avalara Returns based on Customer's subscription plan and usage of Avalara Returns. Customer shall participate in Avalara's automatic payment option for Avalara Returns and either authorizes Avalara to draw from the Bank Account by ACH transfer to

pay Avalara Returns fees and Expenses or will designate another automatic payment method for Avalara Returns fees and Expenses.

- a. **Per-Return Fees.** The per-Return fee specified in Customer's subscription plan is based on Customer's estimated annual usage. Avalara reserves the right to adjust Customer's per-Return fee at the beginning of any Renewal Subscription Term if the actual number of Returns prepared during the Subscription Term just ended is fewer than the minimum number included in Customer's Avalara Returns subscription plan. For example, if Customer's Avalara Returns plan requires Customer to file at least 361 Returns each year, but Customer files only 100 Returns in a given year, then, effective upon the start of any Renewal Subscription Term, Avalara may adjust the per-Return fee charged to Customer to the then-applicable per-Return fee for the Avalara Returns subscription plan that pertains to filing 100 Returns per year.
 - b. **Minimum Monthly Fee.** If Customer has purchased a subscription plan with a minimum number of annual Returns required, Avalara reserves the right to begin billing Customer a monthly minimum Avalara Returns fee ("**Minimum Returns Fee**") if Customer has not provided to Avalara the Onboarding Requirements within 90 days following the Effective Date ("**Avalara Returns Commencement Deadline**"). Customer's Minimum Returns Fee is calculated using the lowest number of Returns required to be filed under Customer's subscription plan multiplied by the per-Return fee under that plan, divided by 12 and rounded up to the nearest dollar. For example, if Customer has not filed a Return by the Avalara Returns Commencement Deadline and Customer is required to file at least 13 Returns each year with a per-Return fee of \$54, then Avalara will charge Customer's payment information on file a \$59 fee $((13 \times \$54)/12)$ in the calendar month following the Avalara Returns Commencement Deadline and for each month thereafter until Customer completes the Onboarding Requirements. Avalara will stop charging Customer the Minimum Returns Fee when Customer completes the Onboarding Requirements and begins filing Returns.
 - c. **Avalara Cancellation Option.** If Customer has not begun filing Returns by the Avalara Returns Commencement Deadline, Avalara reserves the right to cancel Customer's Avalara Returns subscription and retain all prepaid, unused fees for the cancelled Service.
 - d. **Non-Standard Forms.** If Customer requests (i) a form that is not offered by Avalara as a standard tax return; or (ii) a standard tax return that requires non-standard modifications to the standard tax return form (each a "**Non-Standard Form**"), Customer shall pay Avalara's then-current per-hour rate in quarter-hour increments for preparation and filing of the Non-Standard Form (one quarter hour minimum per Non-Standard Form).
 - e. **Additional Fees.** If Customer fails to timely and completely provide accurate Onboarding Requirements, Filing Information, Tax Data, or Tax Funds, as applicable, or otherwise fails to fulfill any obligations under these Returns Terms, or if Customer requires a change to the standard process described in these Return Terms, Avalara may charge Customer additional fees. For example, Avalara may charge a fee: (i) if Customer does not provide Tax Funds prior to the deadline; (ii) for Avalara to unlock Customer's Tax Liability after it has been approved by Customer; (iii) for Avalara to change or reconcile requests received after the Tax Liability Approval Deadline; (iv) for Avalara to change the funding process because Customer has not timely funded the Bank Account; or (v) for Avalara to make a change to Customer's Tax Liability, Filing Information, Return(s), Tax Data, Tax Funds to be remitted, or any other standard process.
 - f. **No Automatic Upgrade.** Notwithstanding anything to the contrary in the Terms, Customer's Avalara Returns subscription will not be automatically upgraded to the next highest subscription tier.
8. **Termination.** Notwithstanding anything to the contrary in the Terms, the Subscription Term for Customer's Avalara Returns subscription will terminate on the last calendar day of the month in

which the Subscription Term would otherwise have terminated under the Terms. Customer may instruct Avalara not to file Returns in that or any other month by revising its Scheduled Returns.

- a. **Termination for Cause.** If the financial institution providing the Customer Bank Account instructs Avalara that Avalara must terminate this Agreement (for example, because Customer is conducting its business in violation of Applicable Law), Avalara may immediately terminate this Agreement upon written notice to Customer. In the event of such termination, Avalara will not refund any amounts to Customer.
9. **Trial Period.** During the Initial Subscription Term only, Customer may immediately terminate Customer's subscription to its Avalara Returns Service by submitting a notice to Avalara in accordance with the instructions provided in the Documentation within 60 days of the Effective Date. If Customer exercises Customer's termination rights under this Section 9 (Trial Period), then Avalara shall refund Customer the fees Customer paid to Avalara for the terminated Service.
10. **Data Transformation Services.** Customers utilizing Data Transformation Services shall deliver all Tax Data to Avalara by the fifth calendar day of the month in which the Tax Data is to be reported to the Filing Jurisdictions. "**Data Transformation Services**" are Services where Avalara converts Customer's transactional data that meets Avalara's minimum transactional data requirements (for any and all such files provided by Customer, the "**DTS Transactional Data**") into a complete data set that permits import into Customer's Account. Customer is responsible for ensuring that all information, files, and documentation included in the DTS Transactional Data are accurate, up-to-date, and complete to the best of Customer's knowledge. Customer is responsible for providing DTS Transactional Data to Avalara in a timely manner and Customer acknowledges and agrees that Avalara's provision of Data Transformation Services is dependent on Customer's timely delivery. Data Transformation Services are performed at Customer's direction and expense, pursuant to an Order Document, and the resulting data set is part of Customer's Tax Data.
 - a. **One-time Implementation Services.** Avalara charges a fee for implementation for Data Transformation Services. The implementation includes all the work necessary to provision Customer and prepare Customer's Account to use Data Transformation Services. Implementation services are not performed between the 1st through the 10th day of each month and purchases made during that time will instead begin after the 10th day of that month.
 - b. **Per-File Charge.** Avalara charges usage-based fees for Data Transformation Services on a per File basis. "**Files**" are calculated to be the sum, for all tabs of the DTS Transactional Data, of the numbers of lines on an individual tab divided by 100,000 (rounded up to the next whole number for any remainder).
 - c. **Deviations from the Terms Pertaining to Data Transformation Services.**
 - i. **Termination.** Except for implementation Services for Data Transformation Services, Customer may terminate its subscription to Data Transformation Services only, at any time, and Customer will remain liable for all fees incurred through the termination date.
 - ii. **No Automatic Upgrade.** Customer's Data Transformation Services subscription will not be automatically upgraded to the next highest subscription tier.
 - iii. **Uptime Statistics.** Avalara may elect not to provide uptime statistics.
11. **Compliance with NACHA Operating Rules.** The funding process described in Section 3(b)

(Funding) of these Returns Terms may be subject to the Operating Rules of NACHA, the organization that regulates the ACH network in the United States.

- a. 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 Section 3(b) (*Funding*); and
 - iii. Customer will comply with the laws of the United States in providing such funding.
- b. 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. 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.