

U.S. and Canada Returns

Last updated February 17, 2022.

These Avalara Managed Returns for Accountants Supplemental Terms for Clients ("**MRA Client Terms**") govern Client's use of Avalara Managed Returns for Accountants through its Tax Preparer. These MRA Client Terms are in addition to, and incorporate by reference, the Avalara Service Terms and Conditions available at www.avalara.com/terms (the "**Terms**"). Client is deemed a "Customer" under the Terms. Any capitalized terms used in these MRA Client Terms and not defined have the meanings given in the Terms.

1. Definitions

"**Client**" means the Party for whom the Tax Preparer directs Avalara to prepare and file Returns and remit Taxes.

"**Client Account**" means the Account that Avalara enables for the Tax Preparer to facilitate delivery of Services to the Client.

"**Tax Preparer**" means the party who manages both the Tax Preparer Account and the Client Account and pays Avalara for the Service.

"**Tax Preparer Account**" means the Account that Avalara enables for the Tax Preparer to access the Service.

2. **Client Account.** Client authorizes Avalara to share any of Client's information with Tax Preparer.

a. **Client Account Setup.** Tax Preparer will set up the Client Account on Client's behalf. Client shall provide (or direct Tax Preparer to provide) all information requested by Avalara to establish and set up the Client Account for Avalara Returns (the "**Onboarding Requirements**"). Such information includes: (i) a list of taxing jurisdictions for preparation of each Client's Returns (as defined in Section 4(a) below) (each, a "**Filing Jurisdiction**"); (ii) the dates for filing Returns in each of the Filing Jurisdictions (the "**Filing Calendar**"); (iii) the entities (e.g., Client 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 "**Jurisdiction Account Information**"); (v) copies of each Filing Entity's previous filings in the Filing Jurisdictions, as requested by Avalara; (vi) completed powers of attorney for each Filing Entity, including the power of attorney described in Section 3(a) below; and (vii) other information necessary to properly configure the Client Account and prepare the Returns. Client authorizes Avalara to access Client's accounts using Client's Jurisdiction Account Information. Client is responsible for timely providing and maintaining accurate, complete, and current information regarding the Filing Jurisdictions, the Filing Calendar, the Filing Entities, and the Client's Jurisdiction 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.** Client shall review the Filing Information periodically and shall promptly communicate any changes to Tax Preparer or Avalara. Client is responsible for timely informing Tax Preparer of any changes.

c. **Tax Data.** Client shall ensure its Tax Preparer has all the data necessary to properly complete Returns (the "**Tax Data**") and that the Tax Data is accurate and complete. Avalara does not audit, validate, or verify Tax Data. Tax Data must be transmitted to Avalara before the Tax Liability Approval Deadline (as defined in Section 3(b) of the Avalara Managed Returns for Accountants Supplemental Terms located at <https://www.avalara.com/MRA-terms>, the "**MRA Terms**"). Where Data Transformation Services are needed, Tax Data must be delivered 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 Client's transactional data that meets Avalara's minimum transactional data requirements into a complete data set that permits import into the Client Account. Data Transformation Services are performed at Tax Preparer's direction and expense, pursuant to an Order Document, and the resulting data set is part of Client's Tax Data.

3. **Funding.** In accordance with this Section 3, Client 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, Client 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 Client'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, Client must do

the following:

- a. Client shall execute limited powers of attorney in the form requested by Avalara. Upon Tax Preparer ceasing to use Avalara Returns to prepare Client's Returns, Avalara shall cease to use any power or authority granted by a power of attorney signed by Client.
- b. Client shall provide bank account information for a US bank account (the "**Bank Account**") from which Client authorizes Avalara to draw by ACH to pay Client's Taxes, 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 refuse to prepare Returns for Client immediately upon notice to Tax Preparer and Client if Client fails to timely and sufficiently fund the Bank Account or if Tax Preparer is in breach of the Terms.
- c. Client shall ensure the Bank Account has sufficient Tax Funds to pay the Taxes by the deadlines specified in the Documentation. If Client fails to timely fund the Bank Account, Client shall remit payment for the Taxes plus any interest or penalties that may accrue directly to the applicable Filing Jurisdiction.
- d. Client authorizes Avalara to withdraw the Tax Funds to pay the Taxes in accordance with the Filing Calendar, including making any required prepayments.

4. **Avalara Obligations.**

- a. **Returns Preparation and Filing.** Avalara will prepare and file Returns for the Filing Entities and in the applicable Filing Jurisdictions. Avalara may begin filing a Return as soon as Tax Preparer approves the related Tax Liability. Each (i) standard tax return filing, (ii) Non-Standard Form (defined 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 applicable Filing Entities in the Filing Jurisdictions, provided Client has timely made Tax Funds available. Avalara will not provide funds to pay Taxes. If Tax Funds are not timely available to Avalara for remitting, Avalara will remit 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 Client owes any prepayments to Filing Jurisdictions, the draw may occur earlier.
 - ii. 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 Tax Preparer or Client must file an amended Return with the Filing Jurisdiction if it wishes to recover the liability associated with the credit invoice.

5. **Notice Management.** Tax Preparer or Client will receive all notices relating to Client's Returns directly from Filing Jurisdictions. Some notices are informational in nature (for example, changes to the Filing Calendar or tax rate changes) while others are error notices relating to Returns. In the Documentation, Avalara provides recommended actions for Tax Preparers or Clients to resolve informational notices. During the Subscription Term, for any error notice relating to a Return filed or Taxes remitted by Avalara, Client 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. Client 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.

6. **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 Client 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 Client (and not Tax Preparer) 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 portion of the fees paid or payable by Tax Preparer to Avalara attributable to that Client's use of Avalara Returns in the 12-month period immediately preceding the final assessment of penalties or interest for the Avalara Error (calculated as described in subsection (c) below). Client shall not seek compensation under the Returns Guarantee from Avalara if it has sought compensation from Tax Preparer.

b. The following conditions apply to the Returns Guarantee:

i. Client and Tax Preparer must have both met all of their obligations under the Terms, these MRA Client Terms, and the MRA 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 either Client's or Tax Preparer's failure to perform any of the obligations in these MRA Client Terms or the Terms, the Returns Guarantee will not apply.

ii. Neither Client nor Tax Preparer requested changes to Client's Tax Liability after the Tax Liability Approval Deadline.

iii. All notices and relevant information were promptly forwarded from the Filing Jurisdiction to Avalara within 10 days of the date of the notice.

iv. Client and Tax Preparer must assist Avalara in challenging the Filing Jurisdiction's findings if Avalara deems it appropriate in Avalara's sole discretion.

v. Client and Tax Preparer 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 Tax Preparer to Avalara for Avalara Returns attributable to that Client's use of Avalara Returns, and the time period will be the 12-month period 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, any other one-time fees, or any fees paid by Client to Tax Preparer.

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 Client's and Tax Preparer's obligations to continue to assist Avalara in contesting the Avalara Error will cease on the date of the payment.

f. Tax Preparer must have a current Avalara Returns subscription in good standing and the Client Account must be in good standing with Avalara when the claim is submitted to Avalara to be eligible to receive payment under this Returns Guarantee.

7. Modifications to Terms. Avalara may modify the Terms, the Acceptable Use Policy, or any Supplemental Terms (including these MRA Terms) subject to Section 11 of the Terms (*Modifications*). Any modification will take effect upon the date of the modification, and Client may avoid the applicability of the modification only by ceasing its use of the Services and directing Tax Preparer to cease use of the Services on its behalf.

8. Compliance with NACHA Operating Rules. The funding process described in Section 4(b) (*Funding*) of these MRA Client 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 Client's funding is governed by the NACHA Operating Rules, Client specifically agrees to the following NACHA requirements:

i. Client will comply with all applicable requirements under the then-current version of the NACHA Operating Rules;

ii. Client authorizes Avalara to originate the funding requests described in Section 4(b) (Funding); and

iii. Client will comply with the laws of the United States in providing such funding.

b. In addition to any other applicable termination rights, Avalara may refuse to provide any services for Client for Client's non-compliance with the NACHA Operating Rules if such breach or non-compliance is not cured within 10 days of Avalara first notifying Client and Tax Preparer of its non-compliance.

c. Avalara has the right to audit Client's funding process, at a time and location mutually agreeable to both Client and Avalara, to ensure compliance with the NACHA Operating Rules and the Agreement.