

Avalara provides the AvaTax Accuracy Guarantee in accordance with the following conditions and limitations.

Any incorrect tax calculation, determination result, or any other error in accuracy are governed exclusively by, and limited by, the remedies below. The Accuracy Guarantee is set forth in Section 4 (*Accuracy Guarantee*) of the [AvaTax Terms](#).

a. If Customer suffers a negative audit finding that results in financial loss due to an incorrect U.S. sales tax calculation result returned by AvaTax, as Customer's sole and exclusive remedy, Avalara shall pay Customer the lesser of either: (i) the amount of the penalties, interest, and uncollected sales taxes that directly result from the incorrect result, as specified in the final assessment notice received from the applicable taxing authority after all administrative appeals and abatement options are exhausted; or (ii) the amount of the AvaTax fees paid during the year preceding the negative audit finding (calculated as described in subsection (c) below).

b. The following limitations apply to the Accuracy Guarantee:

- i. Customer must have properly set up, configured, and maintained its tax profile and Customer Data on the Avalara system and have correctly classified items sold by Customer. To the extent that the incorrect result was caused by Customer's failure to properly set up, configure, or maintain its tax profile or Customer Data, Avalara will not be responsible for the incorrect result.
- ii. Avalara will not be responsible for the incorrect result to the extent that it was caused by the failure of the applicable taxing authority to timely and accurately provide or update correct and current tax rates, boundaries, rules, and classifications.
- iii. Customer must provide notice to Avalara by opening a support case in Customer's Account no later than the earlier of either: (1) 10 days after the taxing authority's finding of a negative audit assessment; or (2) 45 days after the date that Customer identifies, or the taxing authority initially identifies to Customer, an issue that relates to the alleged incorrect result provided by Avalara.
- 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 financial reporting 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 taxing authority findings if Avalara, in its sole discretion, determines them to be incorrect. To the extent that an audit assessment involves other issues in addition to the alleged incorrect result from Avalara, Customer, its Representatives, and Avalara will work together to ensure a collaborative response to the audit.
- vi. Upon first becoming aware of a potential error related to an incorrect result by Avalara, Customer must take reasonable steps to mitigate its losses, including, but not limited to, changing taxability

determinations or calculations for ongoing transactions and rebilling customers for the uncollected tax.

c. For purposes of calculating the amount of the AvaTax fees paid that are eligible for the Accuracy Guarantee payment, the amount will be the fees actually paid by Customer to Avalara for AvaTax, and the time period will be the 365 days preceding the issuance of the negative audit finding (*e.g., in the case of a negative finding 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, for purposes of this calculation, the fees paid for AvaTax do not include activation fees, any fees for ancillary Professional Services, fees for add-on Services or features, or any other one-time fees. Payments under this Accuracy Guarantee are subject to and in satisfaction of the limitations in the [Terms](#) (*e.g., Section 12(b) (Limitation of Liability)*).

d. If the audit implicated other issues in addition to the alleged incorrect result provided by Avalara, the amount to be paid by Avalara under the Accuracy Guarantee will be the percentage of the final assessment amount equal to the percentage of the final assessment related to the alleged incorrect result provided by Avalara.

e. Avalara shall make the Accuracy Guarantee payment to Customer after the date that Customer receives the final assessment notice from the applicable taxing authority, 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 obligation to continue to assist Avalara in contesting the audit will cease on the date of the payment.

f. Customer must have a current AvaTax subscription in good standing when the claim is submitted to Avalara to be eligible to receive payment under the Accuracy Guarantee.