

**Please note that these updated Service-Specific Supplemental Terms will apply to your Avalara Service upon any upgrade or Service purchase made on or after May 1, 2025, and any renewal made on or after May 31, 2025.**

These AvaTax Service-Specific Supplemental Terms ("**AvaTax Terms**") govern Customer's use of AvaTax, AvaTax add-on Services and features, and other Services that may require an AvaTax Account. These AvaTax Terms are in addition to and incorporate by reference the Avalara Service Terms and Conditions located at <https://www.avalara.com/terms> (the "**Terms**"). Any capitalized terms used in these AvaTax Terms and not defined shall have the meaning given in the Terms.

## 1. Definitions.

- a. "**Address Validation**" means a source or destination address validated by Avalara that is processed separately from a tax calculation.
- b. "**AEA**" means Avalara Edge for AvaTax.
- c. "**Age Verification**" means the optional add-on feature of AvaTax for Beverage Alcohol where Avalara checks Customer's client's age, as submitted through an AvaTax for Beverage Alcohol transaction, against a third-party provided identity verification database.
- d. "**Document**" means each invoice, order, or similar document that is entered, uploaded, or otherwise recorded in the applicable Service daily (and each subsequent alteration thereto), including, for example, committed sales invoices, purchase invoices, inventory transfer invoices, return invoices, and committed ecommerce shopping carts.
- e. "**International Tax Transaction**" means any Document or API call where the ship-from and ship-to addresses are in different countries.
- f. "**Invoice Lines**" means the total number of invoice lines on Documents for a given day.
- g. "**Minimum Age Verification Fee**" means a monthly minimum fee for Age Verification.
- h. "**Shipping Verification**" means the feature of AvaTax for Beverage Alcohol where Avalara checks Customer's beverage alcohol transactions against a database of shipping rules and restrictions.
- i. "**Storage Unit**" means 25,000 stored Documents.
- j. "**Transactions**" means the number of daily Address Validations divided by 10; plus the daily greatest of:
  - i. the number of Documents,
  - ii. the number of Invoice Lines divided by 35,
  - iii. the number of non-Address Validation API calls divided by 10.

## 2. The Services.

- a. **Transaction Usage.** Unless otherwise specified in these AvaTax Service-Specific Supplemental Terms, usage is calculated by the number of Transactions used by Customer. Usage is rounded up to the nearest whole number. Documents on which no tax is calculated due to Customer's nexus settings in AvaTax will not count towards usage.
  - b. **International Tax Transaction Usage.** International Tax Transaction usage is calculated using the methodology set forth in Section 1(j) (*Transactions*) above.
  - c. **Usage Tier.** Certain add-on Services and features and other Services accessed through Customer's AvaTax Account may require the same usage tier.
3. **License.** Avalara grants Customer a limited, nonexclusive, nontransferable, nonassignable, worldwide license to use and retain the Content that is returned by the Services to Customer solely for its internal compliance purposes (a) in connection with the specific Document or API call for which it was provided or (b) aggregated with other content to produce a tax return or similar filing for Customer ("**AvaTax Content License**").
4. **Additional Remedy.** In addition to any remedies in the Terms, in the event of a claim by Customer of any incorrect U.S. sales tax calculation, determination result, or any other error, Avalara may, as Customer's sole and exclusive remedy, reimburse Customer for the penalties, interest, and uncollected U.S. sales taxes that directly result subject to the terms and conditions of this Section 4 (*Additional Remedy*).
  - a. The following limitations apply to Customer's eligibility for reimbursement pursuant to this section:
    - i. Customer must have suffered a negative audit finding relating to its U.S. sales tax calculation result returned by AvaTax.
    - ii. 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.
    - iii. 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.
    - iv. 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.

- v. 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.
  - vi. 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.
  - vii. 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.
  - viii. Any amounts paid pursuant to this Section 4 (*Additional Remedy*) shall not exceed the amount of the AvaTax fees paid during the 12 months preceding the negative audit finding, calculated as follows: the fees actually paid by Customer to Avalara for AvaTax, and the time period will be the 12 months preceding the negative audit finding (*e.g., in the case of a negative finding issued by a taxing authority on March 31, 2024, the period used in the calculation will be from April 1, 2023, to March 31, 2024*). 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 section are subject to and in satisfaction of the limitations in the Terms (*e.g., Section 12(b) (Limitation of Liability)*).
- b. If the audit implicated other issues in addition to the alleged incorrect result provided by Avalara, the amount to be paid by Avalara hereunder 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.
  - c. Avalara shall make any payment hereunder 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.

- d. Customer must have a current AvaTax subscription in good standing when the claim is submitted to Avalara to be eligible to receive payment hereunder.

## 5. **Add-On Services and Features.**

- a. **AvaTax for Accounts Payable.** Customer is solely responsible for all use tax accrual positions taken, as well as the accuracy of data input into the Services regarding Customer's purchases, vendors, and related Documents.
- b. **Age Verification for Beverage Alcohol.**
  - i. **Fees.** Customer shall pay the fees set forth in the Order Document signed by the Customer. Avalara reserves the right to bill Customer a Minimum Age Verification Fee.
  - ii. **Permitted Uses.** Customer will only use the Age Verification Service for the purpose of checking age in connection with an AvaTax for Beverage Alcohol transaction. Customer will not use Age Verification (1) for any "permissible purpose" under the Fair Credit Reporting Act (15 U.S.C. Sec. 1681 et seq.) ("**FCRA**") or use any of the information it receives through Age Verification to take any "adverse action," as that term is defined in the FCRA; (2) in violation of the provisions of and regulations pursuant to the Drivers Privacy Protection Act (18 U.S.C. Section 2721 et seq.); (3) other than pursuant to an exception of the privacy provisions of and regulations issued pursuant to the Gramm-Leach-Bliley Act (15 U.S.C. Sec. 6801 et seq.); (4) in violation of any Applicable Laws related to the collection and disclosure of scanned state issued identity documents and, where required by Applicable Law, will obtain appropriate consent from any individual who submits their data to Age Verification; or (5) in violation of such other future legislation that Avalara determines limits the use of Age Verification.
  - iii. **Review.** For so long as Customer is receiving Age Verification, and for one year after that, Avalara will have the right at its expense to review, via Customer's responses to a questionnaire, Customer's compliance with the terms of the Agreement as it relates to Age Verification. Such review may be conducted during normal business hours upon 48 hours written notice.

iv. **Third Party Data Providers.** Customer acknowledges that the provision of Age Verification depends on data being provided by third party data providers. Avalara is not responsible for any such data providers and will not be liable for their failure or inability to provide such data elements. AVALARA DOES NOT WARRANT THE ACCURACY, INTEGRITY, OR COMPLETENESS OF CONSUMER OR OTHER DATA UTILIZED, STORED, OR TRANSMITTED AS PART OF THE SERVICES. If Avalara's agreement with such third-party data provider is terminated for any reason, Customer acknowledges that Avalara may not be able to provide Age Verification. In such case, as Customer's sole and exclusive remedy, Avalara will refund prepaid, unused fees for the remainder of the Age Verification subscription term.

v. **Deviations from the Terms.**

A. **Planned Downtime.** Avalara will provide at least two days' notice of planned downtime.

c. **AvaTax Cross Border.**

i. **Customs Transaction Usage.** If Customer records an International Tax Transaction that includes a pre-classified harmonized tariff code, then Avalara will count the customs duty and import tax calculations performed as a "**Customs Transaction**." Customs Transaction usage is calculated using the methodology set forth in Section 1(j) (*Transactions*) above.

ii. **Estimated Customs Transaction Usage.** If enabled, AvaTax Cross-Border may provide estimated customs charges when Customer provides an item description in lieu of providing a full country-specific tariff code. Avalara will count the customs duty and import tax calculations performed as an "**Estimated Customs Transaction**." Estimated Customs Transaction usage is calculated using the methodology set forth in Section 1(j) (*Transactions*) above. Customer is responsible for any variance between the estimated customs charges in the Estimated Customs Transaction and the actual customs charges owed to an applicable government authority. The HS Code provided by Avalara is provided for informational purposes only and should not be referenced on customs filings. Customer may adjust the estimation pricing strategy in Customer's Account (for example, minimum/maximum/median approach).

d. **AvaTax Data Storage.** If Customer purchases extended data storage, Avalara shall provide Customer access to older transaction data as outlined in the Documentation. Avalara sells access to stored Documents in increments of Storage Units.

- e. **Cross Border Estimated.** The Service-Specific Supplemental Terms for Cross-Border Estimated can be found at <https://legal.avalara.com/product-terms.html#crossborderestimated>.
- f. **Edge for AvaTax.**
  - i. **Fees.** Customer must subscribe to AvaTax to use AEA. Customer's AEA usage tier must be the same as Customer's AvaTax usage tier, and usage of AEA will be charged against Customer's AvaTax subscription.
- g. **Shipping Verification for Beverage Alcohol.** Avalara has no duty to provide an update if applicable limits change after Avalara provides a determination, including, for a future shipping date. Customer may not use Shipping Verification determinations for any purpose other than checking its own beverage alcohol shipping compliance.