

# SAMPLE DOCUMENT

## Sales and Use Tax Managed Audit Agreement

BUSINESS NAME, INC.

And

The State of Texas  
Comptroller of Public Accounts

This Managed Audit Agreement is made this 9th day of October, 2015, between BUSINESS NAME, INC., and the Comptroller of Public Accounts of the State of Texas and will be effective for the audit period beginning September 1, 2011 and ending May 31, 2015.

### RECITALS

**Whereas**, Taxpayer is permitted under Texas Tax Code, Chapter 151, with taxpayer number 13 and has sales and use tax responsibilities to the Comptroller under that taxpayer number during the audit period specified in this Agreement.

**Whereas**, Taxpayer has requested authorization to perform a managed audit as authorized by Texas Tax Code Section 151.0231 for the audit period specified in this Agreement.

**Whereas**, Section 151.0231 defines “managed audit” to mean a review and analysis of invoices, checks, accounting records, and/or other documents or information to determine a taxpayer’s liability for tax under Texas Tax Code, Chapter 151.

**Whereas**, Comptroller may, as authorized by Section 151.0231(c), permit a taxpayer to conduct a managed audit under Section 151.0231.

**Whereas**, Taxpayer and Comptroller agree that the intent and purpose of the managed audit is to address all issues at one time and then close the period to additional refund requests or assessments thereafter.

I.

### PROCEDURES AND GENERAL PROVISIONS

Comptroller and Taxpayer hereby agree as follows:

1. Comptroller and Taxpayer shall comply with all terms and conditions of this Agreement, including any exhibits, in the completion of the managed audit for the audit period specified in this Agreement.

## SAMPLE DOCUMENT

- 2.** Authorized representatives of Comptroller and Taxpayer shall jointly develop a managed audit plan for the specified audit period. A summary of that audit plan as jointly developed and approved by Comptroller and Taxpayer is referred to in this Agreement as “Audit Plan Summary.” Upon written approval by both Comptroller and Taxpayer, the Audit Plan Summary shall be attached to this Agreement as Exhibit A and shall be incorporated as part of this Agreement for all purposes. The Audit Plan Summary must include the agreed audit procedures to be applied to each identifiable business segment, of Taxpayer, subject to taxation under Texas Tax Code, Chapter 151.
- 3.** Sampling procedures that both parties agree reflect, as closely as possible, the normal conditions of Taxpayer’s business as required by Texas Tax Code, Section 111.0042, are available for use in the completion of the managed audit. If the Comptroller determines, in its sole discretion, that sampling procedures are appropriate for this managed audit, the Comptroller shall make the sample selections and document them by a written document entitled **Notification of Sampling Procedures** for each sample approved and authorized. The Notification of Sampling Procedures document, issued by the Comptroller, shall be attached to this Agreement as Exhibit B and shall be incorporated as part of this Agreement for all purposes.
- 4.** Taxpayer and Comptroller shall each use their best efforts to complete the managed audit for the audit period specified in this Agreement in accordance with Section 151.0231 and other applicable law, and the taxpayer shall submit the managed audit final report to Comptroller for review no later than October 30, 2015.
- 5.** If the managed audit cannot be completed by the date specified in this Managed Audit Agreement, Taxpayer must provide written notification to Comptroller a minimum of thirty (30) days prior to such specified completion date. The written notification must include detailed reasons the managed audit cannot be completed by the specified completion date, and suggest an alternative completion date. If applicable, a Statute of Limitations Extension Agreement based upon the alternative completion date must accompany the notification. Comptroller reserves the right, in its sole discretion, to accept or reject an alternative completion date and the Statute of Limitations Extension Agreement. Upon execution, a copy of the Statute of Limitations Extension Agreement shall be attached to this Agreement as Exhibit C and shall be incorporated herein for all purposes. Comptroller reserves the right, in its sole discretion, to immediately terminate this Agreement if it determines that Taxpayer has not made a good faith effort to complete the managed audit by the specified completion date, or if any portion of the specified audit period is jeopardized due to Taxpayer’s failure to execute a Statute of Limitations Extension Agreement as specified in this Agreement.

## SAMPLE DOCUMENT

**6.** Taxpayer must document in detail the results of the managed audit and provide that documentation to Comptroller in a format specified by Comptroller. Comptroller may, in its sole discretion, examine records and perform reviews that the Comptroller determines are necessary, in order to verify the results of the audit or comply with other applicable law, before the managed audit is finalized. Comptroller may request access to Taxpayer personnel as needed.

**7.** Unless the managed audit or information reviewed by Comptroller discloses fraud or willful evasion of the tax, Comptroller may not assess penalties and may waive all or part of the interest that would otherwise accrue on any amount identified to be due based on the results of the managed audit. In all managed audits interest will start on the managed audit deficiency 30 days after billing date. Failure to comply with scheduled timelines may result in the following: interest started prospectively and credit interest denied prospectively; interest waiver denied and credit interest denied; revocation of the managed audit agreement. Interest on any credits will be calculated after determining the net credits or underpayments for each filing period and then applying net credits for any filing period during the audit against net underpayments for the audit period in accordance with Agency policy in non-managed audits.

**8.** This subsection does not apply to any amount collected by Taxpayer that was a tax or represented to be a tax but that was not remitted to the Comptroller. In addition, the Comptroller agrees to waive its right to reaudit Taxpayer for any period and for any reporting categories within this Agreement after the managed audit or the deficiency determination resulting from the managed audit becomes final, except as follows: The Comptroller may reaudit if the Comptroller reasonably believes Taxpayer may have committed fraud or taken action to evade taxes, and if appropriate, assess tax, including penalty and interest, within the applicable limitations period.

**9.** Except as provided by Texas Tax Code, Section 111.104(f), Taxpayer may be entitled to a refund of any tax overpayment disclosed by performance of the managed audit. In addition, Taxpayer may file a claim for refund of tax before the expiration of the 30-day period allowed by Texas Tax Code, Section 111.009(b) for filing a petition for redetermination. Taxpayer's failure to identify and file a valid claim for refund of tax for any period within this Agreement before the expiration of the 30-day period provided in Texas Tax Code, Section 111.009(b) is a waiver of all demands against the Comptroller for any alleged overpayment of tax except as follows: Taxpayer may file a refund claim for tax, subject to the applicable limitation periods, if a court of competent jurisdiction invalidates a statutory provision, rule, or agency policy unless the court specifically makes that invalidation prospective; or, if the Comptroller invalidates or modifies a rule and specifically makes those changes retroactive.

**10.** Taxpayer represents and warrants that it has not given, offered to give, and does not intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to any public servant or state employee in connection with this Agreement.

**SAMPLE DOCUMENT**

11. This Agreement may be amended only by written agreement between Comptroller and Taxpayer, but in no case shall this Agreement be amended or construed so that it conflicts with the laws of the State of Texas or rules or regulations adopted by Comptroller under those laws.

12. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. The venue of any suit brought for any breach of this Agreement is fixed in any court of competent jurisdiction of Travis County, Texas.

13. Time is of the essence in the performance of this Agreement. Taxpayer shall strictly comply with all of the deadlines in this Agreement.

14. Any correspondence related to this Agreement directed to the Comptroller should be sent to the Manager of Audit Division. Any correspondence related to this Agreement intended for Taxpayer should be directed to: XXXXXXXXX, XXXXXX Audit Manager.

15. Comptroller and the State of Texas shall not be liable for any damages or any other amounts to Taxpayer or any other entity or person resulting from any termination or cancellation of this Agreement for any reason.

**Authorized Signatures**

**Comptroller of Public Accounts**

**Taxpayer**

By: \_\_\_\_\_  
Associate Deputy Comptroller

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_