

**MANAGED AUDIT PROGRAM
PARTICIPATION AGREEMENT**

CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION

NAME	ACCOUNT
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This is a Managed Audit Program (MAP) Participation Agreement between the California Department of Tax and Fee Administration (CDTFA) and _____ (taxpayer)

TAXPAYER'S NAME

in accordance with the appropriate sections in the Sales and Use Tax Law and/or Special Tax and Fee Laws. For purposes of this agreement, any entity registered under any tax or fee program administered by the CDTFA that is eligible to participate in a MAP is defined as a "taxpayer."

1. For the managed audit to be conducted under the MAP for the period beginning on _____ and ending on _____, the taxpayer represents that
 - The taxpayer's business involves few or no statutory exemptions and a single or a small number of clearly-defined taxability issues, and
 - The taxpayer agrees to participate in the MAP and has the resources to comply with the managed audit instructions provided by the CDTFA.
2. The taxpayer shall complete the managed audit on or before _____ in accordance with the instructions in this agreement. The taxpayer shall make available to the CDTFA by this date all computations, all transaction worksheets (as described in paragraph 3 below), and all books, records, and equipment relating to the managed audit for verification by the CDTFA.
3. The types of transactions covered by this managed audit are listed in Section 1 of the Appendix of this agreement. In performing the managed audit, the taxpayer shall
 - Review and separately maintain for verification by the CDTFA the books, records, and equipment specifically identified by the CDTFA in Section 2 of the Appendix,
 - Follow the specific procedures listed in Section 2 of the Appendix to determine the amount of the unreported tax and/or fee liability, if any,
 - Schedule the transactions relating to each of the books, records, and equipment identified in Section 2 of the Appendix by completing transaction worksheets provided by the CDTFA, in accordance with the instructions in CDTFA publication 53, *Managed Audit Program*, a copy of which has been given to the taxpayer, and
 - Follow the special instructions (criteria), if any, described in Section 3 of the Appendix.
4. When the taxpayer has completed the managed audit, the CDTFA may verify the results of the managed audit by reviewing the documents prepared by the taxpayer, by examining the books, records, and equipment of the taxpayer, and by taking any other necessary actions to verify the results of the managed audit, including requesting further information and documentation from the taxpayer.
5. If the CDTFA determines that certain types of transactions should be audited by the CDTFA and not by the taxpayer under the MAP, the CDTFA shall notify the taxpayer either during or after the managed audit which types of transactions will be reviewed by the CDTFA and what books, records, and equipment the CDTFA must examine. If the CDTFA determines that an unreported tax liability exists for those types of transactions which the CDTFA audits pursuant to this paragraph, the interest rate set forth in paragraph 7 shall apply with respect to that liability unless the CDTFA voids this agreement pursuant to paragraph 10.
6. Upon completion of the managed audit by the taxpayer, the verification of the managed audit by the CDTFA, and the audit by the CDTFA of transactions not audited under the MAP, the liability, if any, may be determined and collected by the CDTFA and petitioned by the taxpayer in the manner provided in the appropriate sections in the Sales and Use Tax Law and/or Special Tax and Fee Laws. As provided by the appropriate sections in the Sales and Use Tax Law and/or Special Tax and Fee Laws, all determinations

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made by the CDTFA under these provisions of the Revenue and Taxation Code are due and payable at the time they become final. If they are not paid when due and payable, the CDTFA shall add to them a penalty of 10 percent of the amount of the determination, not including interest and penalties.

7. Upon completion of the managed audit and verification by the CDTFA, interest shall be computed at one-half the rate that would otherwise be imposed for liabilities covered by the audit period, in accordance with the appropriate sections in the Sales and Use Tax Law and/or Special Tax and Fee Laws. This reduced interest rate shall remain in effect until the tax and/or fee liability is paid in full unless the CDTFA voids this agreement as provided in paragraph 10.
8. As provided in the appropriate sections in the Sales and Use Tax Law and/or Special Tax and Fee Laws, the information provided by the taxpayer shall be the same information required for the completion of any other audit that the CDTFA may conduct.
9. Nothing in this agreement shall limit the CDTFA's authority, under the appropriate sections in the Sales and Use Tax Law and/or Special Tax and Fee Laws, to examine the taxpayer's books, records, and equipment. Nothing in this agreement shall limit the authority of the CDTFA to determine an unreported tax and/or fee liability or a refund or credit greater or less than the unreported tax and/or fee liability or refund or credit reported by the taxpayer in the managed audit.
10. The CDTFA may void this agreement if the CDTFA determines that
 - The taxpayer has failed to complete the managed audit by _____ in accordance with the provisions in this agreement, DATE
 - The taxpayer has refused to cooperate with the CDTFA during the verification process described in paragraph 4 above or has refused to cooperate with the CDTFA if the CDTFA audits any transactions as described in paragraph 5 above,
 - Any of the penalties for fraud, negligence, evasion, intent to evade, or intentional disregard under the appropriate sections in the Sales and Use Tax Law and/or Special Tax and Fee Laws should be imposed during the audit period,
 - There is jeopardy of collection under the appropriate sections in the Sales and Use Tax Law and/or Special Tax and Fee Laws, or
 - The taxpayer has not paid the tax and/or fee, interest, and penalties resulting from the managed audit (1) within 30 days of the issuance date of the related *Notice of Determination* or (2) as agreed upon in a formal installment payment agreement.

If the CDTFA determines that this agreement should be voided, the CDTFA shall notify the taxpayer in writing. If the CDTFA voids this agreement, interest shall be computed at the full rate as provided in section 6591.5 of the Revenue and Taxation Code. In addition, the CDTFA may proceed to examine the taxpayer's books, papers, records, and equipment in a manner to be determined by the CDTFA, and any liability may be determined and collected by the CDTFA and petitioned by the taxpayer in the manner provided in the appropriate sections of the Sales and Use Tax Law and/or Special Tax and Fee Laws.

11. The CDTFA has given publication 53, *Managed Audit Program*, to the taxpayer for instructional purposes. If there is a conflict between that publication and the Sales and Use Tax Law and/or the Special Tax and Fee Laws or this agreement, the Sales and Use Tax Law and/or the Special Tax and Fee Laws and this agreement shall control.

SIGNATURE <i>(name of taxpayer)</i>	DATE
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NAME/TITLE *(print full name and title)*

SIGNATURE <i>(California Department of Tax and Fee Administration Principal Auditor)</i>	DATE
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NAME/TITLE *(print full name and title)*

**APPENDIX
Managed Audit Program Participation Agreement**

NAME	ACCOUNT NUMBER
AUDIT PERIOD	
From	To

SECTION 1

The types of transactions to be audited by the taxpayer are checked below:

- | | |
|---|--|
| <input type="checkbox"/> Sales for Resale | <input type="checkbox"/> Installation Labor |
| <input type="checkbox"/> Sales of Property Shipped Outside California | <input type="checkbox"/> Repair Labor |
| <input type="checkbox"/> Shipping and Delivery Charges | <input type="checkbox"/> Cash Discounts |
| <input type="checkbox"/> Sales to the United States Government | <input type="checkbox"/> Property Purchased For Resale |
| <input type="checkbox"/> Purchases from Out-of-State Vendors | |
| <input type="checkbox"/> Other: | |

SECTION 2

The books, records, and equipment that are to be reviewed by the taxpayer are checked below:

- | | |
|--|---|
| <input type="checkbox"/> Sales Invoices | <input type="checkbox"/> Freight Bills |
| <input type="checkbox"/> Sales Contracts | <input type="checkbox"/> Other Shipping or Delivery Documentation |
| <input type="checkbox"/> Resale Certificates | <input type="checkbox"/> Purchase Orders |
| <input type="checkbox"/> Bills of Lading | <input type="checkbox"/> Purchase Invoices |
| <input type="checkbox"/> Other: | |

The procedures to determine the amount of any unreported tax liability are described on pages 4 through 11 of publication 53, *Managed Audit Program*. The taxpayer will be reviewing the books, records, and equipment checked above for the following periods:

TEST PERIODS

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Description of method for review:

SECTION 3

Special Instructions (Criteria):

- None
- Other:

continues on reverse

SECTION 3

Continued from reverse

SIGNATURE (<i>name of taxpayer</i>)	DATE
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NAME/TITLE (*print full name and title*)

SIGNATURE (<i>California Department of Tax and Fee Administration Principal Auditor</i>)	DATE
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NAME/TITLE (*print full name and title*)