

810-14-1-.36 -Government Contract for Examination of Taxpayer's Records Where  
Compensation Contingent Upon Tax, Interest, Etc. Assessed or Collected.

(1) It is the policy of this State to prohibit any arrangement between the Department of Revenue, a county, a municipality, or any other taxing authority within the State and a private auditing firm for the examination of a taxpayer's books and records, if the firm's compensation is determined, in whole or in part, by the amount of taxes assessed or collected. Any arrangement whereby the private auditing firm agrees or has an understanding with the taxing authority that all or a part of the firm's compensation otherwise payable will be waived or otherwise not paid if there is no assessment or no collection of tax or if less than a certain amount is assessed and/or collected is prohibited.

(2) For the purposes of this regulation, "tax" means and includes any tax, license fee, or other charge payable to the State of Alabama, any agency thereof, any county or municipality or agency thereof, or any other taxing authority within the State including, but not limited to, sales and use taxes, rental taxes, business license taxes, or franchise or any other fees or charges payable by the taxpayer on account of its activities or property in, or income, sales, gross receipts or the like derived from sources within, the State or any county or municipality. For purposes of this regulation, "private auditing firm" means and includes any person, firm or corporation that is not a governmental entity and that is engaged in the business, in whole or in part, on behalf of the State or any other taxing authority within the State such as counties, municipalities or any agency thereof, of auditing or examining the books and records of a taxpayer to determine whether one or more taxes have been properly collected, paid and/or remitted by the taxpayer.

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