

**PROPOSED MODEL STATISTICAL SAMPLING STATUTE  
and  
ACCOMPANYING REGULATION**

**Statute**

Audit Procedures.—

For purposes of administering this act, the Department may, when examining returns or records and making assessments or refunds, use statistical sampling techniques or other sampling techniques when such other procedures will produce a reasonable result.

**Regulation**

Audit Procedures.—

1. For purposes of administering this act, the Department is authorized to use statistical or other sampling techniques.
2. The use of sampling audit methods is appropriate where the sampling method will produce a reasonable result, and
  - a. The taxpayer's records are substantially complete, but so detailed, complex or voluminous that an audit of all detailed records would be impracticable or unreasonable; or
  - b. The cost of an audit of all detailed records to the taxpayer or to the State will be unreasonable in relation to the benefits derived; or
  - c. The taxpayer's records are inadequate or insufficient; or
  - d. The taxpayer agrees to the use of a particular sampling audit method.

3. Notwithstanding section 2.d, the Department shall make a reasonable effort to reach agreement with the taxpayer providing for the means and methods to be used in the sampling process; however, the failure of the Department to reach an agreement with the taxpayer shall not preclude the Department from using sampling techniques to audit a taxpayer's records.

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