**64:06:01:35.04.  Sample periods for audits.** An auditor conducting an audit for the department may choose to do a sample audit, random or judgmental, rather than a detailed examination of all records for the audit period. The auditor shall determine the sample size based on the records available, internal controls, changes in the accounting system, and changes in business operations. If the auditor uses a judgmental block sampling method and the taxpayer does not agree to a different percentage, the auditor shall select no less than ten percent of the taxpayer's sales and use tax reporting periods to determine whether sales and use tax was properly charged. The auditor shall apply the error factor, if any, calculated from the sample to all periods of the audit.

**Source:** 15 SDR 58, effective October 19, 1988; 19 SDR 42, effective September 29, 1992; 20 SDR 103, effective January 10, 1994; 21 SDR 219, effective July 1, 1995; 27 SDR 9, effective August 7, 2000; 28 SDR 178, effective July 1, 2002; 30 SDR 58, effective November 5, 2003; 32 SDR 225, effective July 3, 2006.

**General Authority:** SDCL 10-45-47.1(5), 10-45D-13(5), 10-46E-11(4), 10-47B-2, 10-52-4, 10-52A-7(5), 10-59-38, 49-31-51.1(4).

**Law Implemented:** SDCL 10-45-45, 10-45D-12, 10-46E-8, 10-47B-2, 10-52-4, 10-52A-6, 10-59-5, 49-31-51.1(4).