

DEED OF TAX PENALTY AND INTEREST INDEMNITY

THIS DEED OF INDEMNITY is made on this _____ day of _____, 20

BETWEEN:

The Indemnifier: _____

(hereinafter referred to as the "Indemnifier")

**The Indemnified
Party:** _____

(hereinafter referred to as the "Indemnified Party")

RECITALS:

- A. The Parties have entered into or are preparing to enter into certain transactions and/or tax filings in connection with _____
.
- B. In connection with such transactions or filings, certain tax liabilities, assessments, or audits may arise under the jurisdiction of _____
- C. The Indemnifier has agreed to indemnify and hold harmless the Indemnified Party against any and all tax penalties, interest, and related costs that may be assessed, levied, or imposed upon the Indemnified Party in connection with the matters specified herein.

IT IS AGREED AS FOLLOWS:

1. Definitions and Interpretation

In this Deed, unless the context otherwise requires:

- "Tax Authority" means any government, state, federal, regional, local, or municipal authority, body, or department responsible for the assessment, collection, or administration of taxes.
- "Tax Penalty" means any penalty, fine, or additional charge imposed by a Tax Authority for non-compliance, late filing, underpayment, or any other default related to tax obligations.
- "Tax Interest" means any interest charged or accrued on unpaid or late-paid taxes under applicable law.
- "Indemnified Claim" means any claim, demand, assessment, letter, or proceeding issued by a Tax Authority that may result in a liability for Tax Penalty or Tax Interest subject to this Deed.

2. Indemnity

Subject to the terms of this Deed, the Indemnifier hereby covenants and undertakes as a primary obligation to defend, indemnify, and hold harmless the Indemnified Party, on demand, from and against any and all:

- a. Tax Penalties assessed or imposed against the Indemnified Party;
- b. Tax Interest charged or accrued against the Indemnified Party; and
- c. Reasonable professional fees, legal costs, and out-of-pocket expenses incurred by the Indemnified Party in connection with investigating, contesting, defending, or settling any claim related to such Tax Penalties and Tax Interest.

relating specifically to the following tax period(s), transactions, or filing obligations:

3. Notification and Claims Procedure

- a. If the Indemnified Party receives any notice, assessment, or demand from a Tax Authority that may give rise to a claim under this Deed, the Indemnified Party shall notify the Indemnifier in writing within _____ business days of receiving such notice.
- b. The Indemnified Party shall provide the Indemnifier with copies of all relevant documentation and correspondence received from the Tax Authority.
- c. The Indemnifier shall have the right, at its own expense, to participate in or control the defense, negotiation, or settlement of any such Indemnified Claim, provided that the Indemnifier acknowledges its full obligation to indemnify the Indemnified Party under this Deed.

4. Payment Terms

Any payment due from the Indemnifier to the Indemnified Party under this Deed shall be made in cleared funds within _____ days of a written demand by the Indemnified Party, accompanied by reasonable evidence of the assessed Tax Penalty or Tax Interest.

5. Duration and Survival

This Deed shall remain in full force and effect until the expiration of the applicable statute of limitations for the assessment of the relevant taxes, penalties, and interest by the Tax Authority, plus an additional period of _____ months.

6. Governing Law and Jurisdiction

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of _____. The parties submit to the exclusive jurisdiction of the courts of _____.

IN WITNESS WHEREOF this Deed has been executed and delivered by the parties on the date first written above.

EXECUTED AS A DEED by:

For and on behalf of the **Indemnifier**

Signature

Name (Printed)

Title / Position

In the presence of (Witness):

Witness Signature

Witness Name & Address

EXECUTED AS A DEED by:

For and on behalf of the **Indemnified Party**

Signature

Name (Printed)

Title / Position

In the presence of (Witness):

Witness Signature

Witness Name & Address