

# TAX AND ACCOUNTING ERROR INDEMNIFICATION AGREEMENT

This Tax and Accounting Error Indemnification Agreement (the "Agreement") is entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between:

**Indemnitor:** \_\_\_\_\_, with a principal place of business/residence at \_\_\_\_\_ (hereinafter referred to as the "Indemnitor"),

and

**Indemnitee:** \_\_\_\_\_, with a principal place of business/residence at \_\_\_\_\_ (hereinafter referred to as the "Indemnitee").

The Indemnitor and the Indemnitee may collectively be referred to as the "Parties" or individually as a "Party."

## RECITALS

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WHEREAS, the Indemnitor has performed, or is performing, certain accounting, bookkeeping, tax preparation, or financial consulting services (the "Services") for the Indemnitee; and

WHEREAS, the Parties desire to allocate the risk of any potential tax penalties, interest, assessments, or financial losses resulting from errors, omissions, or inaccuracies in the tax returns, financial statements, or other accounting documents prepared by the Indemnitor;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

## 1. INDEMNIFICATION

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The Indemnitor hereby agrees to indemnify, defend, and hold harmless the Indemnitee, its officers, directors, employees, and agents from and against any and all claims, liabilities, losses, damages, demands, penalties, interest, assessments, and expenses (including, without limitation, reasonable attorneys' fees and professional representation costs) arising out of, resulting from, or in connection with any errors, omissions, inaccuracies, or negligent acts in the tax returns, financial records, reports, or accounting filings prepared, submitted, or maintained by the Indemnitor.

## 2. SCOPE OF COVERED ERRORS

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The indemnification obligations under this Agreement shall apply to any errors or discrepancies identified by the Indemnitee, internal or external auditors, or any local, state, or federal taxing authority, including but not limited to the Internal Revenue Service (IRS), which are directly attributable to the work product of the Indemnitor.

## 3. NOTIFICATION AND CLAIM PROCEDURE

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- a. The Indemnitee shall promptly notify the Indemnitor in writing of any audit, inquiry, assessment, or claim initiated by a taxing authority or third party that may give rise to a claim for indemnification under this Agreement.
- b. The Indemnitor shall have the right, at its own expense, to participate in the defense of any such audit or claim, and to negotiate settlements, subject to the prior written consent of the Indemnitee, which consent shall not be unreasonably withheld, conditioned, or delayed.

## 4. LIMITATION OF LIABILITY

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The maximum aggregate liability of the Indemnitor under this Agreement shall not exceed \$\_\_\_\_\_. This limitation shall not apply in cases of gross negligence, willful misconduct, or fraudulent acts committed by the Indemnitor.

## 5. TERM AND TERMINATION

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This Agreement shall remain in full force and effect until the expiration of the applicable statute of limitations for the tax periods for which the Services were performed, or until terminated by the mutual written consent of both Parties.

**6. GOVERNING LAW**

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This Agreement shall be construed, interpreted, and governed by the laws of the State of \_\_\_\_\_, without regard to its conflict of law principles.

**7. ENTIRE AGREEMENT**

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This Agreement constitutes the entire understanding between the Parties regarding the subject matter hereof and supersedes all prior discussions, negotiations, agreements, or understandings, whether oral or written.

IN WITNESS WHEREOF, the Parties hereto have executed this Tax and Accounting Error Indemnification Agreement as of the date first written above.

**INDEMNITOR:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title (if applicable)

\_\_\_\_\_  
Date

**INDEMNITEE:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title (if applicable)

\_\_\_\_\_  
Date