

# JOINT VENTURE TAX LIABILITY INDEMNIFICATION AGREEMENT

This Joint Venture Tax Liability Indemnification Agreement (the "Agreement") is entered into as of \_\_\_\_\_, 20 (the "Effective Date"), by and between:

**Party A:** \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of \_\_\_\_\_, with its principal office located at \_\_\_\_\_;

and

**Party B:** \_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of \_\_\_\_\_, with its principal office located at \_\_\_\_\_.

Each of Party A and Party B may be referred to individually as a "Party" and collectively as the "Parties."

## RECITALS

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WHEREAS, the Parties have entered into a Joint Venture Agreement dated \_\_\_\_\_, 20 (the "Joint Venture Agreement") to form and operate \_\_\_\_\_ (the "Joint Venture"); and

WHEREAS, the Parties acknowledge that, under applicable tax laws, they may be held jointly and severally liable for certain tax liabilities incurred by or associated with the operations of the Joint Venture; and

WHEREAS, the Parties desire to allocate the responsibility for such tax liabilities and to indemnify each other in accordance with the terms and conditions set forth herein.

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. DEFINITIONS

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As used in this Agreement, the following terms shall have the meanings specified below:

- "Tax" or "Taxes"** means any and all federal, state, local, or foreign taxes, assessments, duties, levies, imposts, or other governmental charges, including but not limited to income, franchise, sales, use, excise, payroll, employment, withholding, property, and value-added taxes, together with any interest, penalties, or additions to tax imposed with respect thereto.
- "Tax Liability"** means any liability for Taxes arising out of or in connection with the business, operations, assets, or transactions of the Joint Venture.
- "Proportionate Share"** means the respective percentage interest of each Party in the Joint Venture as defined in the Joint Venture Agreement, which as of the date hereof is % for Party A and % for Party B.

## 2. ALLOCATION OF TAX LIABILITY

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- Except as otherwise provided in this Agreement, all Tax Liabilities of the Joint Venture shall be allocated between the Parties in accordance with their respective Proportionate Shares.
- To the extent that any tax authority imposes a Tax Liability on the Parties on a joint and several basis, the Parties agree that, as between themselves, their respective liabilities shall be limited to their Proportionate Share, subject to the indemnification provisions of Section 3.

## 3. INDEMNIFICATION

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- By Party A:** Party A hereby agrees to defend, indemnify, and hold harmless Party B from and against any and all losses, claims, damages, liabilities, or expenses (including reasonable attorneys' and accountants' fees) arising out of or resulting from any Tax Liability of the Joint Venture to the extent such Tax Liability exceeds Party B's Proportionate Share, or arises from the gross negligence, willful misconduct, or material breach of this Agreement or the Joint Venture Agreement by Party A.

2. **By Party B:** Party B hereby agrees to defend, indemnify, and hold harmless Party A from and against any and all losses, claims, damages, liabilities, or expenses (including reasonable attorneys' and accountants' fees) arising out of or resulting from any Tax Liability of the Joint Venture to the extent such Tax Liability exceeds Party A's Proportionate Share, or arises from the gross negligence, willful misconduct, or material breach of this Agreement or the Joint Venture Agreement by Party B.

#### 4. CONTROL OF TAX CONTESTS

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1. If any tax authority issues a notice of audit, assessment, or proceeding regarding any Tax Liability of the Joint Venture, the Party receiving such notice shall promptly notify the other Party in writing.
2. The control, defense, and settlement of any such audit, assessment, or proceeding shall be managed jointly by the Parties, and neither Party shall settle or compromise any claim without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed.

#### 5. COOPERATION AND RECORDS RETENTION

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The Parties shall fully cooperate with each other, and shall make available to each other in a timely manner, all such information, records, tax returns, and other documents as may be reasonably necessary to prepare, file, or defend any tax return or tax audit relating to the Joint Venture.

#### 6. GOVERNING LAW AND DISPUTE RESOLUTION

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This Agreement shall be governed by, and construed in accordance with, the laws of the State of \_\_\_\_\_, without regard to its conflict of laws principles. Any dispute arising out of or in connection with this Agreement shall be resolved in accordance with the dispute resolution procedures set forth in the Joint Venture Agreement.

#### 7. 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 all Tax Liabilities to which this Agreement applies, notwithstanding the termination of the Joint Venture or the Joint Venture Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Venture Tax Liability Indemnification Agreement as of the Effective Date.

**PARTY A:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**PARTY B:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_