

JOINT TAX LIABILITY ALLOCATION AND INDEMNITY AGREEMENT

This Joint Tax Liability Allocation and Indemnity Agreement (the "Agreement") is entered into as of this _____ day of _____, 20____, by and between the following parties:

Party A: _____
Residing/Located at: _____

Party B: _____
Residing/Located at: _____

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

RECITALS

WHEREAS, the Parties have filed, or intend to file, joint federal, state, and/or local income tax returns for the tax year(s) _____ (collectively, the "Joint Returns"); and

WHEREAS, under applicable tax laws, parties filing joint tax returns are jointly and severally liable for the full amount of tax, interest, penalties, and additions to tax due in connection with such returns; and

WHEREAS, the Parties desire to allocate responsibility for their respective shares of the tax liabilities associated with the Joint Returns and to indemnify each other against any liabilities, costs, or expenses arising from a Party's allocated share of tax liability; and

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

1. ALLOCATION OF TAX LIABILITY

The Parties agree that the joint and several tax liability, if any, arising from or related to the Joint Returns shall be allocated between them as follows:

- a. Party A shall be solely responsible for all tax liabilities, including interest and penalties, attributable to the income, deductions, credits, or transactions generated by or associated with Party A.
- b. Party B shall be solely responsible for all tax liabilities, including interest and penalties, attributable to the income, deductions, credits, or transactions generated by or associated with Party B.
- c. For tax liabilities arising from joint accounts, shared assets, or other sources not clearly attributable to one Party alone, such liability shall be allocated as follows:

2. INDEMNIFICATION

- a. **Indemnity by Party A:** Party A hereby agrees to indemnify, defend, and hold harmless Party B from and against any and all taxes, penalties, interest, assessments, deficiencies, losses, costs, expenses (including reasonable attorneys' and accountants' fees) arising out of or resulting from any tax liability allocated to Party A under Section 1 of this Agreement.
- b. **Indemnity by Party B:** Party B hereby agrees to indemnify, defend, and hold harmless Party A from and against any and all taxes, penalties, interest, assessments, deficiencies, losses, costs, expenses (including reasonable attorneys' and accountants' fees) arising out of or resulting from any tax liability allocated to Party B under Section 1 of this Agreement.

3. NOTICE AND COOPERATION

- a. If either Party receives notice from any local, state, or federal taxing authority regarding an audit, examination, assessment, deficiency, or inquiry related to any of the Joint Returns, the receiving Party shall notify the other Party in writing within _____ days of receipt.
- b. The Parties agree to cooperate fully with each other, including providing necessary documents, records, receipts, and signatures, in connection with any audit, examination, proceeding, or litigation related to the Joint Returns.

4. CONTROL OF PROCEEDINGS

Except as otherwise agreed in writing, each Party shall have the right to control the defense, compromise, or settlement of any tax audit or contest to the extent that such audit or contest relates solely to tax items allocated to that Party under Section 1. If an audit or contest involves tax items allocated to both Parties, the Parties shall jointly control and direct the defense, and the costs of such defense shall be shared proportionally based on each Party's relative exposure.

5. REFUNDS

Any tax refund arising from or related to the Joint Returns shall be allocated between the Parties in proportion to their respective contributions to the tax paid, or as otherwise agreed herein:

6. GOVERNING LAW

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of _____, without regard to its conflict of laws principles.

7. ENTIRE AGREEMENT AND AMENDMENTS

This Agreement constitutes the entire understanding between the Parties concerning the subject matter hereof and supersedes all prior agreements or understandings, written or oral. This Agreement may not be amended, modified, or terminated except by a written instrument signed by both Parties.

8. BINDING EFFECT

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and permitted assigns.

IN WITNESS WHEREOF, the Parties hereto have executed this Joint Tax Liability Allocation and Indemnity Agreement as of the date first written above.

PARTY A:

PARTY B:

Signature

Signature

Print Name: _____

Print Name: _____

Date: _____

Date: _____