

# MUTUAL INDIRECT TAX INDEMNITY AGREEMENT

This Mutual Indirect Tax Indemnity Agreement (the "Agreement") is entered into as of \_\_\_\_\_ (the "Effective Date"), by and between:

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

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

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

## RECITALS

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WHEREAS, the Parties have entered into, or may enter into, certain commercial transactions pursuant to one or more business agreements (the "Underlying Agreements"); and

WHEREAS, transactions under the Underlying Agreements may be subject to various Indirect Taxes (as defined herein) in various jurisdictions; and

WHEREAS, the Parties desire to allocate responsibility and provide mutual indemnification for certain Indirect Tax liabilities that may arise in connection with such transactions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for 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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- "Indirect Taxes"** means any value added tax (VAT), goods and services tax (GST), sales tax, use tax, consumption tax, service tax, turnover tax, excise duty, custom duty, or any other similar transactional tax, duty, or levy imposed by any government or taxing authority, together with any interest, penalties, or additions to tax associated therewith.
- "Taxing Authority"** means any national, federal, state, local, provincial, or municipal government, or any subdivision, agency, commission, or authority thereof, competent to impose, assess, or collect Indirect Taxes.
- "Indemnified Party"** means the Party receiving indemnification under this Agreement.
- "Indemnifying Party"** means the Party providing indemnification under this Agreement.

## 2. MUTUAL INDEMNIFICATION

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- Indemnity by Party A:** Party A shall indemnify, defend, and hold harmless Party B from and against any and all liabilities, losses, damages, costs, and expenses (including reasonable attorneys' and tax advisors' fees) arising out of or resulting from any assessment, reassessment, or claim by any Taxing Authority for Indirect Taxes that are the legal responsibility of Party A under applicable law or the terms of the Underlying Agreements, but which have been assessed against or paid by Party B.
- Indemnity by Party B:** Party B shall indemnify, defend, and hold harmless Party A from and against any and all liabilities, losses, damages, costs, and expenses (including reasonable attorneys' and tax advisors' fees) arising out of or resulting from any assessment, reassessment, or claim by any Taxing Authority for Indirect Taxes that are the legal responsibility of Party B under applicable law or the terms of the Underlying Agreements, but which have been assessed against or paid by Party A.

## 3. COOPERATION AND TAX CONTESTS

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- Notification:** Each Party shall promptly notify the other Party in writing upon receipt of any notice of audit, inquiry, assessment, or demand from any Taxing Authority relating to Indirect Taxes that may give rise to an indemnification claim under this

Agreement.

2. **Cooperation:** The Parties agree to cooperate fully with each other in connection with any audit, litigation, or other proceeding with respect to Indirect Taxes. Such cooperation shall include, without limitation, the preservation and provision of relevant invoices, tax certificates, exemption documents, and other business records.
3. **Control of Defense:** The Indemnifying Party shall have the right, at its own expense, to control the defense, compromise, or settlement of any claim or assessment by a Taxing Authority for which it is obligated to provide indemnification, provided that the Indemnifying Party shall consult in good faith with the Indemnified Party and shall not settle any such claim without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, conditioned, or delayed.

#### 4. LIMITATION OF LIABILITY

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Except as otherwise expressly provided herein, neither Party shall be liable to the other Party for any indirect, incidental, special, punitive, or consequential damages arising out of or in connection with this Agreement, even if advised of the possibility of such damages.

#### 5. GOVERNING LAW AND JURISDICTION

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This Agreement shall be governed by, and construed in accordance with, the laws of \_\_\_\_\_, without giving effect to any choice of law or conflict of law provisions. Any legal suit, action, or proceeding arising out of or related to this Agreement shall be instituted exclusively in the courts of \_\_\_\_\_.

#### 6. TERM AND TERMINATION

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This Agreement shall commence on the Effective Date and shall remain in force until terminated by either Party upon \_\_\_\_\_ days' prior written notice. Notwithstanding any termination of this Agreement, the indemnification obligations set forth herein shall survive until the expiration of the applicable statute of limitations for the assessment of the relevant Indirect Taxes.

#### 7. MISCELLANEOUS

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1. **Entire Agreement:** This Agreement constitutes the entire agreement between the Parties regarding mutual indirect tax indemnification and supersedes all prior discussions, negotiations, and agreements, whether oral or written, relating to the subject matter hereof.
2. **Amendments:** This Agreement may only be amended, modified, or supplemented by a written instrument executed by authorized representatives of both Parties.
3. **Severability:** If any term or provision of this Agreement is held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Mutual Indirect Tax Indemnity Agreement to be executed by their respective authorized officers as of the Effective Date.

**PARTY A:**

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By:

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Name:

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Title:

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Date:

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**PARTY B:**

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By:

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Name:

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Title:

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Date:

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