

STATE AND LOCAL TAX INDEMNITY AGREEMENT

This State and Local Tax Indemnity Agreement (the "Agreement") is entered into as of _____, 20____, by and between:

Contractor: _____, with a principal place of business at _____ ("Contractor"), and

Subcontractor: _____, with a principal place of business at _____ ("Subcontractor").

RECITALS

WHEREAS, Contractor and Subcontractor have entered into a certain Subcontract Agreement dated _____, 20____ (the "Subcontract"), for the performance of certain work, services, or provision of materials (the "Work") as described therein; and

WHEREAS, the performance of the Work may subject the parties to various state and local taxes, including but not limited to sales, use, excise, gross receipts, privilege, transaction, franchise, and income taxes; and

WHEREAS, Contractor requires, as a condition of entering into and continuing the Subcontract, that Subcontractor assume full responsibility for and indemnify Contractor against all such state and local tax liabilities arising out of or in connection with the Subcontractor's Work.

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. TAX COMPLIANCE, REGISTRATION, AND PAYMENT

- A. Subcontractor represents, warrants, and covenants that it is, and will remain for the duration of the Subcontract, properly registered with all applicable state and local taxing authorities in the jurisdictions where the Work is performed.
- B. Subcontractor shall timely file all required state and local tax returns and reports related to the Work and its operations.
- C. Subcontractor assumes sole and exclusive liability for, and shall timely pay, all state and local taxes, fees, assessments, interest, and penalties (collectively, "Taxes") levied, assessed, or imposed upon or in connection with the Work, the materials incorporated therein, the equipment used, or the compensation paid to Subcontractor's personnel, including but not limited to sales and use taxes, gross receipts taxes, and business and occupation taxes.

2. TAX EXEMPTIONS AND CERTIFICATES

To the extent that any portion of the Work or materials provided under the Subcontract is exempt from state or local sales or use taxes, Subcontractor shall obtain and maintain all valid, properly executed exemption certificates, resale certificates, or other documentation required by the applicable taxing authorities. Subcontractor shall provide copies of such documentation to Contractor upon request. If Subcontractor fails to obtain or maintain such documentation, Subcontractor shall be solely responsible for any resulting Taxes, interest, or penalties.

3. INDEMNIFICATION

Subcontractor hereby agrees to defend, indemnify, and hold harmless Contractor, its parent companies, affiliates, officers, directors, employees, agents, and successors (collectively, the "Indemnified Parties") from and against any and all claims, demands, liabilities, losses, damages, assessments, deficiencies, costs, and expenses (including, without limitation, reasonable attorneys' fees, accounting fees, and administrative court costs) arising out of, resulting from, or in any way connected with:

- i. Any failure by Subcontractor to pay any state or local Taxes when due;
- ii. Any failure by Subcontractor to file any tax returns, reports, or disclosures required by any state or local jurisdiction;

- iii. Any claim by a state or local taxing authority that Contractor is liable for sales, use, gross receipts, or other taxes on materials, equipment, or services provided by Subcontractor; and
- iv. Any breach of the representations, warranties, or covenants contained in this Agreement.

4. NOTICE OF TAX AUDIT OR ASSESSMENT

In the event that either party receives notice of any audit, inquiry, assessment, or proposed assessment by any state or local taxing authority regarding Taxes subject to indemnification under this Agreement, such party shall promptly, and in no event later than _____ business days after receipt, notify the other party in writing. Subcontractor shall, at its sole expense, have the right to control the defense or settlement of any such tax claim, provided that Contractor shall have the right to participate in such defense at its own expense, and Subcontractor shall not settle any such claim without Contractor's prior written consent, which consent shall not be unreasonably withheld.

5. WITHHOLDING AND SET-OFF RIGHTS

If Contractor has reasonable grounds to believe that Subcontractor has failed to comply with its state and local tax obligations under this Agreement or the Subcontract, Contractor shall have the right, upon written notice to Subcontractor, to withhold from any payments due to Subcontractor under the Subcontract an amount sufficient to cover the estimated tax liability, interest, and penalties, until such time as Subcontractor provides satisfactory evidence of compliance or payment.

6. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____, without regard to its conflict of law principles. Any legal action arising out of or relating to this Agreement shall be brought exclusively in the courts of _____ County, State of _____.

7. MISCELLANEOUS

- A. **Survival:** The representations, warranties, covenants, and indemnification obligations set forth in this Agreement shall survive the expiration, termination, or completion of the Subcontract indefinitely.
- B. **Severability:** If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.
- C. **Entire Agreement:** This Agreement constitutes the entire agreement between the parties regarding the subject matter hereof and supersedes all prior or contemporaneous oral or written agreements. This Agreement may only be amended by a written instrument signed by authorized representatives of both parties.

IN WITNESS WHEREOF, the parties hereto have executed this State and Local Tax Indemnity Agreement as of the date first written above.

CONTRACTOR:

SUBCONTRACTOR:

(Company Name)

(Company Name)

By:

By:

Name:

Name:

Title:

Title:

Date:

Date: