

DEED OF TAX PENALTY AND INTEREST INDEMNIFICATION

THIS DEED OF INDEMNITY is made on _____ day of _____, 20_____

BY:

_____, a company incorporated under the laws of _____, with its registered office located at _____ (hereinafter referred to as the "**Indemnifier**").

IN FAVOR OF:

_____, a company incorporated under the laws of _____, with its registered office located at _____ (hereinafter referred to as the "**Indemnified Party**").

BACKGROUND

1. The Indemnified Party and the Indemnifier have entered into certain commercial arrangements pursuant to which tax liabilities and reporting obligations may arise.
2. The Indemnifier has agreed to indemnify and hold harmless the Indemnified Party against certain tax penalties, fines, interest, and related costs that may be assessed against or incurred by the Indemnified Party under the terms and conditions set forth in this Deed.

1. DEFINITIONS AND INTERPRETATION

In this Deed, unless the context otherwise requires, the following terms shall have the meanings set forth below:

- "**Tax Authority**" means any government, state, federal, provincial, local, or municipal authority, body, or department responsible for the assessment, collection, or administration of any Tax.
- "**Tax Penalty**" means any fine, penalty, or additional charge imposed by any Tax Authority for the late filing, non-filing, underpayment, or incorrect reporting of Tax.
- "**Tax Interest**" means any interest charge, borrowing cost, or compensatory payment imposed by any Tax Authority on unpaid or late-paid Tax.
- "**Losses**" means any Tax Penalty and Tax Interest, together with all reasonable legal costs, professional fees, and disbursements incurred by the Indemnified Party in connection with defending, settling, or appealing any assessment by a Tax Authority.

2. INDEMNITY

The Indemnifier hereby irrevocably and unconditionally undertakes to indemnify, defend, and hold harmless the Indemnified Party on demand from and against any and all Losses arising out of, relating to, or resulting from:

1. Any failure by the Indemnifier to timely provide accurate tax information or documentation required for filing tax returns.
2. Any position taken in tax filings based on the written instructions or representations of the Indemnifier.
3. Any assessment, audit, or investigation by a Tax Authority to the extent that such assessment, audit, or investigation results in the imposition of Tax Penalties or Tax Interest directly attributable to the actions, omissions, or default of the Indemnifier.

3. LIMITATION OF LIABILITY

1. The maximum aggregate liability of the Indemnifier under this Deed shall not exceed _____.
2. The Indemnifier shall not be liable under this Deed to the extent that the Tax Penalty or Tax Interest arises from, or is increased by, the gross negligence, willful misconduct, or fraud of the Indemnified Party.

3. The Indemnified Party shall take all reasonable steps to mitigate any Losses that may give rise to a claim under this Deed.

4. CLAIMS PROCEDURE

1. If the Indemnified Party becomes aware of any claim, assessment, or audit by a Tax Authority that may give rise to a claim under this Deed, it shall notify the Indemnifier in writing within _____ days.
2. The Indemnified Party shall provide the Indemnifier with all information and assistance reasonably requested by the Indemnifier to dispute, challenge, or appeal the assessment by the Tax Authority, at the sole cost and expense of the Indemnifier.
3. The Indemnified Party shall not settle, compromise, or admit liability in respect of any claim by a Tax Authority that is subject to this indemnity without the prior written consent of the Indemnifier, which consent shall not be unreasonably withheld, conditioned, or delayed.

5. GOVERNING LAW AND JURISDICTION

1. This Deed and any dispute or claim arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the laws of _____.
2. Each party irrevocably agrees that the courts of _____ shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Deed.

6. MISCELLANEOUS

1. This Deed may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.
2. No variation of this Deed shall be effective unless it is in writing and signed by or on behalf of each of the parties.

IN WITNESS WHEREOF this Deed has been executed and delivered by the parties on the date first written above.

EXECUTED AS A DEED by:

EXECUTED AS A DEED by:

(the Indemnifier)

(the Indemnified Party)

Director Signature

Director Signature

Name: _____

Name: _____

Director/Secretary Signature

Director/Secretary Signature

Name: _____

Name: _____