

## AGREEMENT FOR INDEMNITY OF TAX PENALTIES AND INTEREST

This Agreement for Indemnity of Tax Penalties and Interest (the "Agreement") is entered into as of \_\_\_\_\_, 20\_\_\_\_\_, by and between:

**Indemntor:** \_\_\_\_\_, with a principal address of \_\_\_\_\_  
(hereinafter referred to as the "Indemntor"),

AND

**Indemntee:** \_\_\_\_\_, with a principal address of \_\_\_\_\_  
(hereinafter referred to as the "Indemntee").

### **RECITALS**

WHEREAS, the Indemntor and the Indemntee have entered into certain business transactions or agreements, specifically \_\_\_\_\_ dated \_\_\_\_\_, 20\_\_\_\_\_ (the "Underlying Agreement"); and

WHEREAS, as a result of the transactions contemplated under the Underlying Agreement, tax positions have been or will be taken that may be subject to review, audit, or challenge by relevant tax authorities; and

WHEREAS, the Indemntor has agreed to indemnify and hold harmless the Indemntee from and against certain tax penalties, additions to tax, and interest that may be assessed against the Indemntee as detailed 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. INDEMNIFICATION**

Subject to the terms and conditions of this Agreement, the Indemntor hereby agrees to indemnify, defend, and hold harmless the Indemntee from and against any and all liabilities, losses, damages, costs, or expenses arising from or relating to any penalties, additions to tax, and interest imposed by federal, state, local, or foreign tax authorities (collectively, "Tax Penalties and Interest") in connection with \_\_\_\_\_ for the tax years \_\_\_\_\_.

### **2. SCOPE AND LIMITATIONS**

- a. The indemnification obligation under this Agreement shall apply only to Tax Penalties and Interest directly resulting from \_\_\_\_\_.
- b. This Agreement does not cover any underlying tax liabilities (principal tax amounts) unless expressly agreed to in writing by both parties.
- c. No indemnification shall be provided under this Agreement if the Tax Penalties and Interest arise from the gross negligence, willful misconduct, or fraudulent filing of the Indemntee.

### **3. NOTIFICATION AND CLAIM PROCEDURE**

- a. The Indemntee shall notify the Indemntor in writing within \_\_\_\_\_ days of receiving any notice, audit letter, or assessment from a tax authority regarding potential Tax Penalties and Interest covered under this Agreement.
- b. The Indemntor shall have the right, at its own expense, to participate in or assume the defense of any tax audit, appeal, or litigation that could give rise to a claim for indemnification under this Agreement, provided that the Indemntor conducts such defense diligently and in good faith.
- c. The Indemntee shall cooperate fully with the Indemntor in connection with any such defense and shall not settle any tax claim subject to indemnification hereunder without the prior written consent of the Indemntor, which consent shall not be unreasonably withheld, conditioned, or delayed.

**4. PAYMENT OF INDEMNITY CLAIMS**

Upon the final determination of any Tax Penalties and Interest liability by a court of competent jurisdiction or a binding administrative settlement, the Indemnitor shall pay the indemnified amount to the Indemnitee (or directly to the relevant tax authority on behalf of the Indemnitee, as mutually agreed) within \_\_\_\_\_ business days of receiving a written demand for payment along with documentation of the final assessment.

**5. TERM AND TERMINATION**

This Agreement shall remain in full force and effect until the expiration of the applicable statute of limitations for the assessment of taxes for the tax years specified in Section 1, including any extensions or waivers thereof.

**6. GOVERNING LAW**

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.

**7. ENTIRE AGREEMENT AND AMENDMENTS**

This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior or contemporaneous agreements, understandings, or representations. This Agreement may be amended or modified only by a written instrument executed by both parties.

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

**INDEMNITOR:**

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

**INDEMNITEE:**

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