

## Section 1: Purpose

This Cross Border Transactions Tax Standard (or “Standard”) sets forth Eli Lilly and Company’s and its Affiliates (“Lilly”) tax reporting requirements for any transactional taxes based on cross border activity applicable to the Agreement. Any additional Third Party/Supplier requirements related to cross border transactions under any agreement with Lilly are in addition to the requirements of this Standard.

## Section 2: Definitions

The definitions below are for the purposes of this Standard. Any capitalized terms not defined shall take the meaning ascribed to them in the Agreement.

- a. **“Tax” or “Taxes”** means all taxes, levies, or other like assessments, charges, fees, including income, gross receipts, excise, ad valorem, property, goods and services, value added (**“VAT”**), import, export, sales, use, license, payroll, franchise and privilege taxes or other taxes, fees, duties, charges, levies, or assessments of any kind whatsoever (whether payable directly or by withholding), together with any interest and any penalties, additions to tax or additional amounts, imposed by a Governmental Authority.
- b. **“Income Tax”** means all Taxes (including franchise and privilege taxes) based upon or measured by income or gross receipts over a period of time, including withholding Taxes imposed in lieu of Income Taxes.
- c. **“Transaction Tax”** means all services, VAT, sales, use, transaction-based gross receipts, COFINS, ISS, PIS, China Business Tax, and other similar Taxes arising in connection with Supplier's charges to Lilly under the Agreement or a particular transfer of property, goods, or services.
- d. **“Property Tax”** means real and personal property ad valorem Taxes and any other Taxes imposed on a periodic basis and measured by the level of any item.
- e. **“Import or Export Tax”** means any import, export, withholding, and similar Taxes related to the importation or exportation of any goods or Services, Deliverables or Work Product performed under the Agreement.

## Section 3: Recoverable Taxes

Supplier shall make all reasonable efforts to recover any and all VAT (or similar taxes) incurred by it in performing its obligations under this Agreement. Supplier will pay all unrecoverable VAT (or similar taxes) unless otherwise agreed in the applicable Work Order. If any Governmental Authority refunds any Transaction Taxes to Supplier which Lilly or its Affiliates originally paid to Supplier in accordance with the Section above, or Supplier otherwise becomes aware that any such Transaction Tax was incorrectly and/or erroneously collected from Lilly or its Affiliates, or Supplier otherwise receives an economic benefit (such as an audit offset) as the result of incorrectly and/or erroneously receiving such collected Transaction Taxes from Lilly, then Supplier shall promptly remit to Lilly the amount of refund or Tax erroneously or incorrectly collected.

## Section 4: Withholding Taxes

If any payments made by the Parties under this Agreement become subject to withholding under Applicable Laws of any Governmental Authority, each Party shall be authorized to withhold such Taxes as are required under Applicable Law, pay such Taxes to the appropriate Governmental Authority, and remit the balance due to the other Party net of such Taxes. The Party paying such Taxes to the Governmental Authority shall secure and promptly deliver to the other Party an official receipt for such Taxes paid.

## **Section 5: Taxes Due to Relocation of Services**

Any Transactional Taxes assessed on the provision of the Services for a particular site resulting from Supplier's relocating or rerouting the delivery of Services for Supplier's convenience to, from or through a location other than the Supplier's location used to provide the Services as of the Effective Date of the Agreement shall be borne by Supplier.

## **Section 6: Tax Documents and Information**

The Parties agree to fully cooperate with each other to enable each Party to determine its own Tax liability more accurately and to minimize such liability to the extent legally permissible and administratively reasonable. Each Party shall provide and make available to the other Party any exemption certificates, resale certificates, information regarding out of state or out of country sales or use of equipment, materials or services, and any other information reasonably requested by the other Party to support the provisions of this Section, including the appropriate organization of invoice formats, and supporting documents to allow maximization of reclamation of VAT and other Transaction Taxes paid by Lilly. Notwithstanding anything to the contrary in this Agreement, Lilly may disclose this Agreement to any Tax Governmental Authority without providing notice to Supplier and without Supplier's consent.

## **Section 7: Tax Filings and Audits or Proceedings**

Each Party represents, warrants, and covenants that it will file appropriate Tax returns and pay applicable Taxes owed and arising from or related to the provision of the Services in applicable jurisdictions.

## **Section 8: Tax Credits**

The Parties agree that Lilly has the beneficial right to claim any research and development Tax credits resulting from this Agreement. Supplier shall use all reasonable efforts in assisting Lilly to make such claims.