

STATE AND LOCAL TAX COMPLIANCE ADDENDUM TO SUBCONTRACTOR AGREEMENT

This State and Local Tax Compliance Addendum (the "Addendum") is entered into on _____, by and between _____ ("Contractor") and _____ ("Subcontractor").

WHEREAS, Contractor and Subcontractor are parties to that certain Subcontractor Agreement dated _____ (the "Agreement") for the performance of work and services description of which is detailed therein; and

WHEREAS, the parties desire to clarify and establish their respective obligations regarding compliance with state and local tax laws, regulations, and filing requirements arising out of the performance of the Agreement.

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. STATE AND LOCAL TAX COMPLIANCE

- A. Subcontractor represents, warrants, and covenants that it is, and will remain during the term of the Agreement, in compliance with all applicable state and local tax laws, including but not limited to income tax, franchise tax, sales and use tax, gross receipts tax, business license tax, excise tax, and payroll/unemployment taxes in all jurisdictions where it performs services or has nexus.
- B. Subcontractor assumes sole responsibility for, and shall timely pay, all state and local taxes, fees, assessments, and penalties imposed by any government authority on Subcontractor's income, revenues, gross receipts, operations, and employees in connection with the performance of services under the Agreement.

2. SALES AND USE TAXES

- A. Unless otherwise expressly provided in the Agreement, Subcontractor is solely responsible for determining the sales and use taxability of any materials, equipment, consumables, or services purchased or used in connection with the work.
- B. If Subcontractor claims any exemption from sales or use taxes, Subcontractor shall provide Contractor with valid and fully executed exemption certificates required by the applicable jurisdiction prior to the commencement of any work.
- C. Where Contractor is required by state or local law to pay sales or use tax directly to Subcontractor for services rendered, Subcontractor shall separate and itemize such taxes on all invoices.

3. WITHHOLDING OBLIGATIONS

If any state or local jurisdiction requires Contractor to withhold a portion of payments due to Subcontractor (including, but not limited to, non-resident subcontractor withholding), Contractor shall have the right to withhold such amounts and remit them to the appropriate taxing authority. Any such withheld amounts shall be treated as paid to Subcontractor under the Agreement, and Contractor shall provide Subcontractor with documentation of such withholding upon request.

4. INDEMNIFICATION

Subcontractor shall defend, indemnify, and hold harmless Contractor, its affiliates, officers, directors, employees, and agents from and against any and all claims, liabilities, losses, damages, costs, penalties, interest, and expenses (including reasonable attorneys' fees) arising out of or resulting from:

- i. Subcontractor's failure to pay any state or local taxes when due;
- ii. Subcontractor's failure to file timely and accurate tax returns; or
- iii. Any challenge by a state or local taxing authority regarding the tax status, classifications, or filings of the Subcontractor or its personnel.

5. AUDIT AND COOPERATION

Subcontractor shall maintain complete and accurate records pertaining to state and local tax compliance for the period

required by applicable statute of limitations. In the event of an audit by any taxing authority of Contractor or Subcontractor, Subcontractor shall fully cooperate with Contractor and provide, within a reasonable timeframe, any documentation or information necessary to substantiate compliance with this Addendum.

6. MISCELLANEOUS

- A. **Conflict:** In the event of any conflict or inconsistency between the terms of this Addendum and the terms of the Agreement, the terms of this Addendum shall govern and control.
- B. **Governing Law:** This Addendum shall be governed by and construed in accordance with the laws of the State of _____, without regard to its conflict of laws principles.
- C. **Entire Agreement:** This Addendum and the Agreement constitute the entire understanding between the parties regarding the subject matter hereof.

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

CONTRACTOR

SUBCONTRACTOR

BY (SIGNATURE)

BY (SIGNATURE)

NAME (PRINTED)

NAME (PRINTED)

TITLE

TITLE

DATE

DATE