

SUBCONTRACTOR STATE AND LOCAL TAX COMPLIANCE AGREEMENT

This Subcontractor State and Local Tax Compliance Agreement (the "Agreement") is entered into and made effective as of _____, 20_____, by and between:

Contractor: _____, with a principal place of business at _____,

and

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

RECITALS

WHEREAS, Contractor and Subcontractor have entered into a prime subcontractor agreement or agreement for services dated _____, 20_____ (the "Master Agreement"); and

WHEREAS, the performance of services and/or provision of materials under the Master Agreement may subject the parties to various state and local tax jurisdictions, regulations, and liabilities; and

WHEREAS, Contractor requires explicit assurance and covenant from the Subcontractor regarding its compliance with all applicable state and local tax laws, registration requirements, and reporting obligations;

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 REGISTRATION AND STATUS

The Subcontractor represents, warrants, and covenants that it is properly registered with all applicable state and local taxing authorities in the jurisdictions where services are being performed or materials are being delivered. Specifically, the Subcontractor certifies the following registrations where applicable:

- a. State Sales and Use Tax Registration Number(s): _____
- b. State Income Tax / Franchise Tax Identification Number(s): _____
- c. Local / Municipal Business License or Tax Registration Number(s): _____

2. COMPLIANCE WITH TAX LAWS

The Subcontractor shall timely file all required state and local tax returns and reports, and shall promptly pay all taxes, fees, assessments, and withholdings, including but not limited to sales and use taxes, gross receipts taxes, income taxes, franchise taxes, excise taxes, and employment/payroll taxes, which are imposed by any state or local governmental authority in connection with the performance of services or delivery of materials under the Master Agreement.

3. TAX INDEMNIFICATION

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

- a. Any failure by the Subcontractor to comply with applicable state and local tax laws, filing requirements, or payment obligations.
- b. Any failure by the Subcontractor to collect, report, and remit applicable sales and use taxes on transactions related to the

Master Agreement.

- c. Any determination by a taxing authority that the Contractor is liable for taxes that were the legal obligation of the Subcontractor.

4. DOCUMENTATION AND AUDITS

The Subcontractor shall maintain complete and accurate records of all tax filings, payments, and exemption certificates related to the services performed under the Master Agreement for a period of not less than _____ years following the termination or completion of the Master Agreement. Upon request, the Subcontractor shall provide the Contractor with evidence of tax registration, payment of taxes, or valid exemption certificates. The Subcontractor shall cooperate fully with the Contractor in the event of any state or local tax audit relating to the project or services provided hereunder.

5. WITHHOLDING RIGHTS

If the Contractor receives notice from any state or local taxing authority of a tax lien, levy, or failure by the Subcontractor to pay taxes related to the work performed, or if the Contractor reasonably believes the Subcontractor is not in compliance with its tax obligations hereunder, the Contractor reserves the right to withhold from any payments due to the Subcontractor under the Master Agreement an amount sufficient to cover such actual or potential tax liability, until such time as the Subcontractor provides written evidence of tax clearance or resolution from the appropriate authority.

6. GOVERNING LAW

This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of _____, without regard to its conflict of law principles.

7. ENTIRE AGREEMENT AND SEVERABILITY

This Agreement constitutes the entire understanding between the parties regarding state and local tax compliance and supersedes all prior agreements or understandings. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.

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

CONTRACTOR:

By: _____

Name: _____

Title: _____

Date: _____

SUBCONTRACTOR:

By: _____

Name: _____

Title: _____

Date: _____