

SUBCONTRACTOR BACKUP WITHHOLDING POLICY AND AGREEMENT

This Agreement is entered into on this _____ day of _____, 20____, by and between:

Contractor: _____

Subcontractor: _____

1. Purpose and Scope

This Agreement establishes the policies and procedures regarding tax backup withholding compliance in accordance with the Internal Revenue Service (IRS) regulations. The Contractor is required by law to obtain correct Taxpayer Identification Numbers (TIN) from all subcontractors and to perform backup withholding on payments when notified by the IRS or under applicable statutory requirements.

2. Subcontractor Requirements

The Subcontractor agrees to comply with the following requirements as a condition of engagement and payment:

- Form W-9 Submission:** Prior to receiving any payment, the Subcontractor must provide a fully completed and signed IRS Form W-9 (Request for Taxpayer Identification Number and Certification) or its equivalent.
- Accuracy of Information:** The Subcontractor certifies under penalty of perjury that the TIN provided is correct and that the Subcontractor is not currently subject to backup withholding due to failure to report interest or dividends, or that the IRS has notified the Subcontractor of an exemption.
- Notification of Changes:** The Subcontractor must immediately notify the Contractor in writing of any change in their tax status, legal name, entity type, or TIN.

3. Implementation of Backup Withholding

The Contractor shall initiate backup withholding at the statutory rate of _____% (or the rate currently mandated by the IRS) under any of the following conditions:

- The Subcontractor fails to provide their TIN in the manner required.
- The IRS notifies the Contractor that the TIN provided by the Subcontractor is incorrect.
- The IRS notifies the Contractor that backup withholding must be initiated because the Subcontractor underreported interest or dividends.
- The IRS notifies the Contractor that the Subcontractor has failed to certify their exemption from backup withholding.

4. Withheld Funds Administration

Any funds withheld under this Agreement will be remitted to the IRS in accordance with federal tax regulations. Withheld amounts are non-refundable by the Contractor. The Subcontractor must seek recovery of withheld amounts directly from the IRS through their annual tax filing procedures. The Contractor will report all withheld amounts annually on IRS Form 1099-NEC (or applicable form).

5. Indemnification

The Subcontractor agrees to indemnify, defend, and hold harmless the Contractor from any and all liabilities, penalties, interest, losses, or expenses (including reasonable attorney fees) resulting from the Subcontractor's failure to provide accurate TIN information, failure to update tax status, or any failure to comply with federal, state, or local tax reporting requirements.

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 law principles, and applicable federal tax laws.

By signing below, the parties acknowledge that they have read, understood, and agree to the terms of this Agreement.

CONTRACTOR:

SUBCONTRACTOR:

Authorized Representative Signature

Authorized Representative Signature

Printed Name

Printed Name

Title

Title

Date

Date