

# SUBCONTRACTOR TAX COMPLIANCE COVENANT AND GST AGREEMENT

This Agreement is made on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

## PARTIES

### Principal Contractor:

ABN / Tax ID:

Address:

### Subcontractor:

ABN / Tax ID:

Address:

## RECITALS

- A. The Principal Contractor and the Subcontractor have entered into, or intend to enter into, an agreement for the provision of various works, goods, and/or services (the "Main Agreement").
- B. Under the relevant taxation legislation, payments made under the Main Agreement may be subject to Goods and Services Tax ("GST").
- C. The parties desire to formally declare and covenant their mutual obligations regarding registration, compliance, reporting, and payment of GST in connection with all transactions arising from the Main Agreement.

## OPERATIVE PROVISIONS

### 1. Definitions & Interpretation

Unless the context otherwise requires, terms used in this Agreement have the same meaning as defined in the relevant local GST legislation, including but not limited to terms such as "Taxable Supply", "GST", "Tax Invoice", "Recipient Created Tax Invoice", and "Input Tax Credit".

### 2. GST Registration Warranty

- a. The Subcontractor warrants and represents that it is registered for GST purposes under the relevant jurisdiction's tax system as of the date of this Agreement.
- b. The Subcontractor must immediately notify the Principal Contractor in writing if it ceases to be registered for GST, changes its registration status, or changes its Business Number / Tax Identification details during the term of this Agreement.

### 3. Recipients Created Tax Invoice (RCTI) Agreement (If Applicable)

The parties agree that, where applicable and permitted under tax authority rulings, the Principal Contractor may issue Recipient Created Tax Invoices (RCTIs) in respect of taxable supplies made by the Subcontractor. Under this arrangement:

- a. The Principal Contractor can issue tax invoices in respect of the supplies.
- b. The Subcontractor will not issue tax invoices in respect of those same supplies.
- c. The Subcontractor acknowledges that it is registered for GST when it enters into this agreement and that it will notify the Principal Contractor if it ceases to be registered.
- d. The Principal Contractor acknowledges that it is registered for GST when it enters into this agreement and that it will notify the Subcontractor if it ceases to be registered or if it ceases to satisfy any of the requirements of the determinations of the relevant Taxation Commissioner.

**4. General GST Invoice Requirements**

In the event that an RCTI agreement is not implemented, the Subcontractor must:

- a. Provide a valid Tax Invoice to the Principal Contractor within the legally prescribed timeframe for every taxable supply made under the Main Agreement.
- b. Ensure that all Tax Invoices submitted contain all mandatory elements required by the local tax authority to enable the Principal Contractor to claim Input Tax Credits.
- c. Delay in payment of any invoice by the Principal Contractor resulting from the Subcontractor's failure to provide a valid Tax Invoice will not constitute a default under the Main Agreement.

**5. Indemnity & Covenant to Comply**

- a. The Subcontractor covenants to timely remit all GST collected from the Principal Contractor under this Agreement to the relevant taxation authority.
- b. The Subcontractor hereby indemnifies and holds harmless the Principal Contractor against any loss, damage, penalty, fine, interest, cost, or expense (including legal costs on a full indemnity basis) incurred or suffered by the Principal Contractor arising directly or indirectly from any breach of this Agreement by the Subcontractor, or any invalidity of the GST registration status of the Subcontractor.

**6. Term & Governing Law**

This Agreement remains in force for the duration of the Main Agreement and thereafter until all tax liabilities and audit periods associated with the transactions under the Main Agreement have expired. This Agreement is governed by the laws of the jurisdiction of \_\_\_\_\_.

**Signed for and on behalf of the Principal Contractor:**

**Signed for and on behalf of the Subcontractor:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Name (Print)

\_\_\_\_\_  
Title / Position

\_\_\_\_\_  
Title / Position

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date