

TAX INDEMNIFICATION CLAUSE AND AGREEMENT FOR SUBCONTRACTORS

This Tax Indemnification and Liability Agreement (the "Agreement") is entered into as of _____, 20____, by and between:

Contractor: _____, with a principal place of business at _____ (hereinafter referred to as the "Contractor"), and

Subcontractor: _____, with a principal place of business at _____ (hereinafter referred to as the "Subcontractor").

RECITALS

WHEREAS, Contractor and Subcontractor have entered into a prime subcontracting agreement or service agreement of even date herewith (the "Main Agreement"); and

WHEREAS, Subcontractor provides services to Contractor as an independent contractor; and

WHEREAS, the parties desire to define their respective rights and obligations regarding tax liabilities, filings, and indemnification arising from the performance of services under the Main 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. INDEPENDENT CONTRACTOR STATUS

The Subcontractor acknowledges and agrees that their relationship with the Contractor is strictly that of an independent contractor. Nothing in this Agreement or the Main Agreement shall be construed to create an employer-employee, partnership, joint venture, or agency relationship. The Subcontractor has no authority to bind the Contractor to any obligation or liability.

2. TAX RESPONSIBILITY AND COMPLIANCE

The Subcontractor assumes sole and exclusive responsibility for all tax obligations of any kind arising from, related to, or in connection with the payments received under the Main Agreement. This responsibility includes, but is not limited to:

- (a) Federal, state, and local income taxes;
- (b) Self-employment taxes (including Social Security and Medicare taxes);
- (c) Federal and state unemployment taxes (FUTA/SUTA);
- (d) Sales, use, service, or gross receipts taxes; and
- (e) Workers' compensation insurance premiums and any other mandatory payroll-related deductions.

3. TAX INDEMNIFICATION

The Subcontractor hereby agrees to indemnify, defend, and hold harmless the Contractor, its officers, directors, employees, agents, and affiliates, from and against any and all claims, liabilities, losses, damages, costs, and expenses (including, without limitation, reasonable attorneys' fees, court costs, penalties, and interest) arising out of or resulting from:

- (a) Any failure by the Subcontractor to timely file any tax returns or pay any taxes, assessments, or duties required by any federal, state, local, or foreign governmental authority in connection with the services provided;
- (b) Any determination by a court, administrative agency, or taxing authority that the Subcontractor (or any personnel provided by the Subcontractor) is an employee of the Contractor, including any assessments for unpaid taxes, withholdings, social security contributions, or employee benefits; and
- (c) Any audit, inquiry, or proceeding by any taxing authority related to the independent contractor status of the Subcontractor.

4. WITHHOLDING

The Contractor shall not withhold any amounts for federal, state, or local income taxes, FICA, or other taxes from payments made to the Subcontractor, unless required to do so by applicable law or a directive from a competent taxing authority. In the event that the Contractor is legally required to withhold any taxes, such withholding shall not relieve the Subcontractor of their indemnification obligations under this Agreement.

5. COOPERATION AND AUDIT

In the event of an audit or inquiry by any taxing authority concerning the relationship between the Contractor and the Subcontractor, the Subcontractor agrees to fully cooperate with the Contractor. This cooperation includes providing documentation, tax filings, or other evidence demonstrating that the Subcontractor has complied with all applicable tax obligations and has reported and paid taxes on all compensation received from the Contractor.

6. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the State of _____, without giving effect to any principles of conflicts of law. Any legal action arising under this Agreement shall be brought exclusively in the courts located in _____.

7. ENTIRE AGREEMENT AND AMENDMENTS

This Agreement constitutes the entire understanding between the parties regarding tax indemnification and supersedes all prior discussions, negotiations, or agreements. This Agreement may not be modified or amended except in writing signed by authorized representatives of both parties.

IN WITNESS WHEREOF, the parties hereto have executed this Tax Indemnification and Liability Agreement as of the date first written above.

CONTRACTOR:

SUBCONTRACTOR:

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date