

SUBCONTRACTOR PAYROLL TAX INDEMNIFICATION AGREEMENT

This Subcontractor Payroll Tax Indemnification Agreement (the "Agreement") is entered into this _____ day 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 Subcontract Agreement dated _____, 20____ (the "Subcontract") for the performance of certain work and services; and

WHEREAS, Subcontractor is an independent contractor and is solely responsible for the employment, supervision, compensation, and payment of all payroll taxes, withholdings, and contributions related to its personnel; and

WHEREAS, Contractor requires, as a condition of entering into and continuing the Subcontract, that Subcontractor indemnify Contractor against any and all liabilities arising from subcontractor's payroll taxes, contributions, and related 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. **Independent Contractor Status.** Subcontractor warrants and represents that it is an independent contractor with respect to Contractor. Nothing in this Agreement or the Subcontract shall be construed to create an employer-employee relationship, partnership, or joint venture between Contractor and Subcontractor, or between Contractor and any employee, agent, representative, or subcontractor of Subcontractor.
2. **Tax Responsibility.** Subcontractor shall have sole and exclusive responsibility for the payment of all federal, state, and local taxes, including but not limited to income tax withholdings, Federal Insurance Contributions Act (FICA) taxes, Federal Unemployment Tax Act (FUTA) taxes, State Unemployment Tax Act (SUTA) taxes, workers' compensation premiums, disability insurance, and any other payroll-related taxes or assessments imposed by any governmental authority with respect to compensation paid to Subcontractor's employees, agents, or subcontractors.
3. **Indemnification.** Subcontractor hereby agrees to defend, indemnify, and hold harmless Contractor, its affiliates, officers, directors, agents, and employees, from and against any and all claims, demands, liabilities, damages, losses, penalties, fines, interest, costs, and expenses (including reasonable attorneys' fees and legal costs) arising out of or in connection with:
 - a. Any failure by Subcontractor to withhold, report, or pay any federal, state, or local payroll taxes, income taxes, social security taxes, unemployment taxes, or other withholdings;
 - b. Any determination by any administrative agency, tribunal, or court that Subcontractor, or any worker engaged by Subcontractor, is an employee of Contractor; and
 - c. Any audit, investigation, or proceeding initiated by the Internal Revenue Service (IRS) or any state or local taxing authority regarding the employment status or tax treatment of Subcontractor's personnel.
4. **Right to Withhold.** If Contractor receives any notice, assessment, or demand from any taxing authority or governmental agency claiming that Contractor is liable for payroll taxes, penalties, or interest related to Subcontractor's personnel, Contractor shall have the right, after giving written notice to Subcontractor, to withhold from any pending or future payments due to Subcontractor under the Subcontract an amount sufficient to cover such asserted liability, until such time as the matter is fully resolved to Contractor's satisfaction.

5. **Proof of Compliance.** Upon request by Contractor, Subcontractor shall promptly provide written documentation demonstrating compliance with its tax, withholding, and insurance obligations, including but not limited to proof of workers' compensation coverage, filed tax returns, and tax payment receipts.
6. **Governing Law and Jurisdiction.** 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. Any legal action arising hereunder shall be brought exclusively in the courts located in _____ County.
7. **Survival.** The indemnification obligations and covenants set forth in this Agreement shall survive the termination, expiration, or completion of the Subcontract and shall remain in full force and effect indefinitely.

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

CONTRACTOR:

SUBCONTRACTOR:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____