

TAX LIABILITY AND INDEMNIFICATION AGREEMENT

This Tax Liability and Indemnification Agreement (the "Agreement") is entered into and made effective as of _____, 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 subcontract agreement or service agreement dated _____ (the "Main Agreement") for the performance of certain work and services; and

WHEREAS, Subcontractor performs services as an independent contractor, and not as an employee of Contractor; and

WHEREAS, the parties desire to define their respective rights, duties, and obligations regarding tax liabilities, reporting, and indemnification arising out of or in connection with the services rendered by Subcontractor.

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 explicitly acknowledges and agrees that its relationship with Contractor is that of an independent contractor. Nothing in this Agreement or the Main Agreement shall be construed to create an employer-employee, agency, partnership, or joint venture relationship between Contractor and Subcontractor, or between Contractor and any of Subcontractor's employees, agents, or representatives.

2. TAX RESPONSIBILITIES AND PAYMENT

Subcontractor shall be solely and exclusively responsible for, and shall timely pay, any and all taxes, levies, duties, or contributions imposed by federal, state, local, or foreign governmental authorities arising out of or related to the payments made by Contractor to Subcontractor under the Main Agreement. This responsibility includes, but is not limited to, the following:

- a. Federal, state, and local income taxes;
- b. Self-employment taxes (FICA);
- c. Federal and state unemployment taxes (FUTA, SUTA);
- d. Social security and Medicare taxes;
- e. Sales, use, service, gross receipts, and value-added taxes; and
- f. Any workers' compensation or disability insurance premiums or assessments.

3. TAX REPORTING

Contractor will report all payments made to Subcontractor to the appropriate tax authorities on Form 1099-NEC, or such other information return as may be required by law. Subcontractor is solely responsible for filing all required tax returns and reports with respect to such payments.

4. INDEMNIFICATION

Subcontractor hereby agrees to defend, indemnify, protect, and hold harmless Contractor, its affiliates, officers, directors, employees,

and agents from and against any and all claims, demands, liabilities, damages, losses, fines, penalties, interest, assessments, costs, and expenses (including reasonable attorneys' fees and legal costs) arising out of, resulting from, or in connection with:

- a. Any failure by Subcontractor, or Subcontractor's employees, agents, or subcontractors, to pay any taxes, contributions, or premiums described in Section 2 of this Agreement;
- b. Any determination by a court or administrative agency (including the Internal Revenue Service or state tax or labor authorities) that Subcontractor, or any of Subcontractor's employees, agents, or subcontractors, is an employee of Contractor; and
- c. Any audit, investigation, or proceeding initiated by any taxing authority related to the classification of Subcontractor as an independent contractor.

5. WITHHOLDING OF PAYMENTS

In the event that Contractor has reasonable grounds to believe that Subcontractor has failed to comply with its tax obligations under this Agreement, or if any governmental authority asserts a claim or assessment against Contractor for taxes related to Subcontractor's services, Contractor reserves the right to withhold from any pending or future payments due to Subcontractor under the Main Agreement an amount sufficient to satisfy such actual or potential tax liability, penalty, and interest, until such time as the matter is fully resolved to the reasonable satisfaction of Contractor.

6. TERM AND SURVIVAL

The indemnification obligations and covenants contained in this Agreement shall survive the expiration, termination, or cancellation of the Main Agreement and shall remain in full force and effect indefinitely or until the expiration of the applicable statute of limitations for the assessment of any such tax liabilities.

7. GOVERNING LAW AND JURISDICTION

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

8. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding between the parties regarding the subject matter hereof and supersedes all prior or contemporaneous discussions, agreements, or representations, whether written or oral, regarding tax liability and indemnification.

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

CONTRACTOR:

SUBCONTRACTOR:

By (Signature)

By (Signature)

Name (Printed)

Name (Printed)

Title

Title

Date

Date