

CONSTRUCTION SUBCONTRACTOR

TAX WITHHOLDING ADDENDUM

This Tax Withholding Addendum (the "Addendum") is entered into this _____ day of _____, 20____, and is incorporated into and made part of the Subcontract Agreement dated _____, 20____ (the "Agreement"), by and between:

Contractor: _____

Subcontractor: _____

In consideration of the mutual covenants contained herein and in the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. TAX REPRESENTATION AND DOCUMENTATION

Prior to receiving any payment under the Agreement, the Subcontractor shall provide the Contractor with a completed and signed Internal Revenue Service (IRS) Form W-9, or the applicable Form W-8, asserting the Subcontractor's taxpayer identification number and tax status. The Subcontractor represents and warrants that all information provided on said form is true, correct, and complete.

2. WITHHOLDING OBLIGATIONS

The Contractor shall comply with all applicable federal, state, and local tax withholding laws. If required by applicable laws, regulations, or directives of any governmental or taxing authority, the Contractor shall withhold the mandatory percentage or amount from any payments due to the Subcontractor under the Agreement.

Specifically, withholding may be executed under the following conditions:

- A. **Backup Withholding:** If the Subcontractor fails to provide a correct Taxpayer Identification Number (TIN), or if the IRS notifies the Contractor that the Subcontractor is subject to backup withholding, the Contractor shall withhold the statutory rate from all subsequent payments until the issue is resolved and compliance is documented.
- B. **Non-Resident Contractor/Subcontractor Withholding:** If the Subcontractor is a non-resident of the state where the construction services are performed, and state law mandates withholding on payments to out-of-state contractors, the Contractor shall withhold the legally required percentage from each payment, unless the Subcontractor presents a valid certificate of exemption issued by the state's taxing authority.
- C. **Statutory Tax Liens and Levies:** In the event the Contractor receives a notice of levy or a tax lien directive from any federal, state, or local taxing authority regarding the Subcontractor, the Contractor shall withhold and remit funds in strict accordance with such directive.

3. TREATMENT OF WITHHELD FUNDS

Any amounts withheld pursuant to this Addendum and remitted to the appropriate taxing authority shall be treated as payments made to the Subcontractor under the terms of the Agreement. The Contractor shall provide the Subcontractor with standard annual tax reporting forms (e.g., Form 1099-NEC) reflecting the total gross payments and any amounts withheld and remitted.

4. INDEMNIFICATION AND LIABILITY

The Subcontractor agrees to indemnify, defend, and hold harmless the Contractor, its officers, directors, employees, and agents, from and against any and all claims, liabilities, penalties, interest, fines, costs, or expenses (including reasonable attorneys' fees) arising out of or resulting from:

- A. The Subcontractor's failure to provide accurate tax documentation or notification of changes in tax status;
- B. Any challenges by taxing authorities regarding the independent contractor status of the Subcontractor; and
- C. Any failure by the Subcontractor to pay its own federal, state, or local taxes, self-employment taxes, or other statutory

assessments.

5. CONFLICT AND INTEGRATION

In the event of any conflict or inconsistency between the terms of this Addendum and the terms of the Agreement, the provisions of this Addendum shall govern and control. Except as modified herein, all other terms, covenants, and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Tax Withholding Addendum as of the date first written above.

CONTRACTOR:

SUBCONTRACTOR:

BY (SIGNATURE)

BY (SIGNATURE)

NAME (PRINTED)

NAME (PRINTED)

TITLE

TITLE

DATE

DATE