

# SUBCONTRACTOR PAYROLL TAX INDEMNIFICATION AGREEMENT

This Subcontractor Payroll Tax Indemnification Agreement (the "Agreement") is entered into as 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 prime contract or service agreement dated \_\_\_\_\_, 20\_\_\_\_ (the "Master Agreement"), pursuant to which Subcontractor performs certain services for Contractor;

WHEREAS, Subcontractor is an independent contractor and is solely responsible for the employment, supervision, compensation, and tax withholding of its own employees, agents, and subcontractors;

WHEREAS, Contractor requires, as a condition of doing business with Subcontractor, that Subcontractor indemnify Contractor against any and all liabilities arising from Subcontractor's failure to comply with federal, state, and local payroll tax 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 acknowledges and agrees that its relationship with Contractor is that of an independent contractor. Nothing in this Agreement or the Master Agreement shall be construed to create an employer-employee, partnership, or joint venture relationship between Contractor and Subcontractor, or between Contractor and any employee, agent, representative, or subcontractor of Subcontractor.

### 2. RESPONSIBILITY FOR TAXES

Subcontractor covenants and agrees that it assumes sole and exclusive responsibility for the payment of all federal, state, and local taxes, contributions, or withholdings now or hereafter imposed by any governmental authority with respect to the compensation paid to Subcontractor and its employees, agents, or subcontractors. This responsibility includes, but is not limited to, Federal Insurance Contributions Act (FICA) taxes, Federal Unemployment Tax Act (FUTA) taxes, state unemployment compensation taxes, social security taxes, income tax withholdings, worker's compensation premiums, and any other payroll-related taxes or assessments.

### 3. INDEMNIFICATION

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

- a) Any failure by Subcontractor to withhold, report, or pay any federal, state, or local income, payroll, social security, unemployment, or other taxes required by law with respect to services performed under the Master Agreement;
- b) Any determination by a court, administrative agency, or taxing authority that Subcontractor, or any of Subcontractor's

employees, agents, or subcontractors, is an employee of Contractor, including any retroactively assessed taxes, interest, penalties, or benefits.

**4. PROOF OF COMPLIANCE**

Upon request by Contractor, Subcontractor shall promptly provide written documentation demonstrating compliance with its tax obligations, including but not limited to copies of filed tax returns, payment receipts, or certificates of good standing from relevant government authorities.

**5. 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 under this Agreement shall be brought exclusively in the courts located in \_\_\_\_\_.

**6. ENTIRE AGREEMENT AND AMENDMENTS**

This Agreement constitutes the entire agreement between the parties regarding the subject matter hereof and supersedes all prior discussions, negotiations, or agreements. This Agreement may not be amended, modified, or supplemented except by a written instrument signed by authorized representatives of both parties.

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

**CONTRACTOR:**

**SUBCONTRACTOR:**

\_\_\_\_\_  
(Company Name)

\_\_\_\_\_  
(Company Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)