

# NON-RESIDENT SUBCONTRACTOR TAX WITHHOLDING AGREEMENT

This Non-Resident Subcontractor Tax Withholding Agreement (the "Agreement") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between:

**Contractor:**

\_\_\_\_\_

Address:

\_\_\_\_\_

Tax Identification Number:

\_\_\_\_\_

Country of Incorporation/Domicile:

**Subcontractor:**

\_\_\_\_\_

Address:

\_\_\_\_\_

Tax Identification Number:

\_\_\_\_\_

Country of Incorporation/Domicile:

## RECITALS

WHEREAS, Contractor and Subcontractor have entered into a subcontract agreement dated \_\_\_\_\_ (the "Subcontract Agreement") for the provision of services as described therein; and

WHEREAS, Subcontractor is a non-resident entity/individual in the jurisdiction of \_\_\_\_\_ (the "Source Country"); and

WHEREAS, the laws of the Source Country require Contractor to withhold tax from payments made to non-resident subcontractors for services performed within or sourced to the Source Country, unless an exemption or reduced rate applies under domestic law or an applicable double taxation treaty;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

### 1. TAX CLASSIFICATION AND RESIDENCY STATUS

Subcontractor represents and warrants that it is a tax resident of \_\_\_\_\_ and that it does not maintain a permanent establishment in the Source Country under the terms of any applicable Double Taxation Treaty. Subcontractor shall immediately notify Contractor in writing of any change in its tax residency status or the creation of a permanent establishment in the Source Country.

### 2. WITHHOLDING TAX RATE

The parties acknowledge that payments under the Subcontract Agreement are subject to withholding tax at the statutory rate of \_\_\_\_\_.%. However, pursuant to the \_\_\_\_\_ Double Taxation Treaty, the parties agree that the applicable withholding tax rate shall be reduced to \_\_\_\_\_.%, subject to Subcontractor providing the documentation required under Section 3 of this Agreement.

### 3. DOCUMENTATION AND COMPLIANCE

Subcontractor shall provide to Contractor, prior to the first payment under the Subcontract Agreement, the following fully completed and executed documents:

1. A valid Certificate of Tax Residency issued by the competent tax authority of \_\_\_\_\_.

2. Applicable withholding exemption forms or treaty benefit claim forms, specifically \_\_\_\_\_.
3. Any other documentation reasonably requested by Contractor or required by the tax authorities of the Source Country to substantiate the reduced withholding rate.

Contractor shall have no obligation to apply any reduced rate of withholding tax until such documentation is provided to and accepted by Contractor.

#### **4. PAYMENT AND REMITTANCE**

Contractor shall withhold the applicable tax from all payments due to Subcontractor and shall remit the withheld amount to the appropriate tax authority within the period prescribed by law. Contractor shall provide Subcontractor with official tax receipts or other evidence of withholding and remittance within \_\_\_\_\_ days of receipt from the tax authority.

#### **5. INDEMNIFICATION**

Subcontractor agrees to indemnify, defend, and hold harmless Contractor from and against any and all liabilities, costs, interest, penalties, and expenses (including reasonable legal fees) arising out of or resulting from any inaccurate representation, failure to provide updated information, or failure of the relevant tax authority to accept the treaty rate or exemption applied to payments made to Subcontractor.

#### **6. GOVERNING LAW AND JURISDICTION**

This Agreement shall be governed by, and construed in accordance with, the laws of \_\_\_\_\_, without regard to its conflict of law principles. Any disputes arising hereunder shall be subject to the exclusive jurisdiction of the courts of \_\_\_\_\_.

#### **7. ENTIRE AGREEMENT**

This Agreement constitutes the entire understanding between the parties regarding tax withholding obligations for payments under the Subcontract Agreement and supersedes any prior agreements or understandings, written or oral, relating to this subject matter.

##### **CONTRACTOR:**

By: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

##### **SUBCONTRACTOR:**

By: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_