

TAX RETENTION AGREEMENT FOR INDEPENDENT SUBCONTRACTORS

This Tax Retention Agreement (the "Agreement") is entered into this _____ day of _____, 20_____, by and between:

Contractor: _____
Address: _____
Tax Identification Number: _____

And

Subcontractor: _____
Address: _____
Tax Identification Number: _____

1. PURPOSE & SCOPE

The Contractor and the Subcontractor have entered into a prime subcontract agreement dated _____ (the "Subcontract"). This Agreement governs the withholding, retention, and remittance of taxes from payments due to the Subcontractor under the Subcontract, in compliance with applicable local, state, and federal tax laws and regulations.

2. TAX WITHHOLDING OBLIGATIONS

- Withholding Rate:** The Contractor shall withhold a tax retention rate of _____ % from all gross payments made to the Subcontractor under the Subcontract, unless an applicable statutory exemption or variation is formally established.
- Regulatory Compliance:** All withholdings shall be made in strict accordance with Section _____ of the _____ tax code/regulations.

3. REMITTANCE AND REPORTING

- Remittance to Tax Authorities:** The Contractor agrees to remit all withheld amounts directly to the _____ on or before the statutory due dates.
- Proof of Withholding:** The Contractor shall provide the Subcontractor with formal tax certificates, receipts, or documentation demonstrating withholding and remittance within _____ days following the end of each _____.

4. SUBCONTRACTOR REPRESENTATIONS AND WARRANTIES

The Subcontractor warrants that the Tax Identification Number provided above is correct. The Subcontractor agrees to notify the Contractor immediately, in writing, of any change in its tax registration status, tax residency, or eligibility for withholding exemptions.

5. INDEMNIFICATION

The Subcontractor shall indemnify, defend, and hold harmless the Contractor from any claims, penalties, interest, or liabilities arising from incorrect tax information provided by the Subcontractor, or if the relevant tax authority determines that additional withholdings were required but not executed due to reliance on the Subcontractor's representations.

6. GOVERNING LAW

This Agreement shall be construed and enforced in accordance with the laws of _____, without regard to its conflict of law principles.

7. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding between the parties regarding tax withholding and retention for the Subcontract, and supersedes any prior oral or written representations on this matter.

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

CONTRACTOR:

SUBCONTRACTOR:

Authorized Signature

Authorized Signature

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____