

# FOREIGN SUBCONTRACTOR TAX RETENTION AGREEMENT

This Agreement is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between:

**Contractor:**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Tax ID / Registration No.: \_\_\_\_\_  
Country of Incorporation: \_\_\_\_\_

**Subcontractor:**

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Tax ID / Registration No.: \_\_\_\_\_  
Country of Residence/Incorporation: \_\_\_\_\_

## 1. PURPOSE & SCOPE OF SERVICES

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The Subcontractor has agreed to perform certain services for the Contractor pursuant to the Prime Subcontract Agreement dated \_\_\_\_\_. Because the Subcontractor is a foreign entity/non-resident for tax purposes in the jurisdiction of \_\_\_\_\_, payments made under the Prime Subcontract Agreement may be subject to foreign tax withholding laws and statutory retention regulations.

## 2. TAX WITHHOLDING OBLIGATIONS

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The Contractor is required by the tax laws of \_\_\_\_\_ to withhold taxes from payments made to non-resident subcontractors unless a valid exemption or reduced rate applies. Accordingly, the parties agree as follows:

1. The Contractor shall withhold \_\_\_\_\_% from each gross invoice payment submitted by the Subcontractor.
2. The withheld amounts will be remitted by the Contractor directly to the relevant tax authority, namely \_\_\_\_\_, in accordance with applicable statutory deadlines.
3. All payments made to the Subcontractor shall be net of such required tax withholdings and retentions.

## 3. DOCUMENTATION & TREATY BENEFITS

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To establish eligibility for any exemption, reduction, or tax treaty benefits, the Subcontractor shall provide the Contractor with the following completed documentation prior to the first payment:

1. \_\_\_\_\_
2. \_\_\_\_\_

The Subcontractor is solely responsible for ensuring that all submitted tax forms, residency certificates, and declarations remain valid and are promptly updated in the event of any change in status.

## 4. REPORTING AND TAX RECEIPTS

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The Contractor shall provide the Subcontractor with official tax receipts, withholding certificates, or other sufficient proof of tax remittance issued by the taxing authority within \_\_\_\_\_ days of making such remittance, to enable the Subcontractor to claim foreign tax credits or relief in its home jurisdiction.

## 5. INDEMNIFICATION

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The Subcontractor agrees to indemnify and hold the Contractor harmless from any and all liabilities, penalties, interest, fines, or additional taxes assessed by any tax authority resulting from the Subcontractor's failure to provide accurate tax documentation, change in tax status, or incorrect determination of withholding tax applicability based on information provided by the Subcontractor.

## 6. GOVERNING LAW

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This Agreement shall be governed by and construed in accordance with the laws of \_\_\_\_\_, without regard to its conflict of law principles.

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

**For Contractor:**

**For Subcontractor:**

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

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

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

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

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

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

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

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