

MASTER SUBCONTRACTOR AGREEMENT FOR VALUE ADDED TAX (VAT) COMPLIANCE

This Master Subcontractor Agreement for Value Added Tax Compliance (the "Agreement") is entered into this _____ day of _____, 20____ (the "Effective Date"), by and between:

Contractor: _____
Address: _____
VAT Registration Number: _____

And

Subcontractor: _____
Address: _____
VAT Registration Number: _____

Hereinafter collectively referred to as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, the Contractor and the Subcontractor have entered, or may enter, into one or more agreements for the provision of services or goods (the "Subcontracted Services"); and

WHEREAS, the Parties wish to establish clear protocols, warranties, and obligations regarding compliance with applicable Value Added Tax ("VAT") laws and regulations in respect of the Subcontracted Services;

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

1. VAT REGISTRATION AND STATUS

- a. The Subcontractor warrants and represents that it is duly registered for VAT purposes in the jurisdiction(s) where the Subcontracted Services are performed and/or where the Subcontractor is legally established, as indicated in the preamble of this Agreement.
- b. The Subcontractor shall immediately notify the Contractor in writing, and in no event later than _____ business days, of any change in its VAT registration status, including but not limited to cancellation, suspension, or change in registration number.
- c. The Subcontractor shall provide a valid copy of its certificate of VAT registration (or equivalent official documentation) to the Contractor upon execution of this Agreement and annually thereafter upon request.

2. INVOICING REQUIREMENTS

- a. The Subcontractor shall issue valid VAT invoices for all taxable supplies made to the Contractor in strict compliance with the applicable tax legislation of _____.
- b. Each VAT invoice must clearly display the following minimum requirements:
 - i. A unique sequential invoice number;
 - ii. The date of issue of the invoice;
 - iii. The Contractor's full legal name, address, and VAT registration number;
 - iv. The Subcontractor's full legal name, address, and VAT registration number;
 - v. A clear description of the goods or services supplied;
 - vi. The date on which the supply was made or completed;
 - vii. The taxable amount, the rate of VAT applied, and the total VAT payable shown in the local currency of the tax jurisdiction.

- c. Where a reverse charge mechanism applies, the Subcontractor must explicitly state on the invoice that the reverse charge applies and cite the relevant statutory provision.

3. PAYMENT AND WITHHOLDING

- a. The Contractor shall not be obligated to pay any VAT amount to the Subcontractor unless a valid and compliant VAT invoice is received.
- b. If any tax authority determines that an invoice issued by the Subcontractor is invalid or non-compliant, the Contractor reserves the right to withhold payment of the VAT portion of the invoice, or claw back any VAT previously paid, until a corrected and valid VAT invoice is provided by the Subcontractor.

4. INDEMNIFICATION

- a. The Subcontractor shall indemnify, defend, and hold harmless the Contractor, its affiliates, officers, and employees, from and against any and all liabilities, losses, damages, penalties, fines, interest, and legal costs arising out of or resulting from:
 - i. The Subcontractor's failure to maintain a valid VAT registration;
 - ii. The issuance of non-compliant or fraudulent VAT invoices by the Subcontractor;
 - iii. Any reassessment or audit by a tax authority denying the Contractor's input VAT credit due to the Subcontractor's non-compliance or failure to report and remit the respective VAT to the relevant tax authority.

5. AUDITS AND INFORMATION EXCHANGE

- a. The Subcontractor agrees to provide all reasonable assistance and documentation requested by the Contractor in connection with any tax audit, inquiry, or dispute initiated by any tax authority.
- b. The Subcontractor shall retain all books, records, invoices, and accounting documents relating to VAT transactions under this Agreement for the minimum statutory period required by the applicable tax laws, but in no event less than _____ years from the end of the fiscal year in which the transaction occurred.

6. GOVERNING LAW AND JURISDICTION

This Agreement and any dispute or claim arising out of or in connection with it or its subject matter shall be governed by and construed in accordance with the laws of _____. The Parties irrevocably submit to the exclusive jurisdiction of the courts of _____.

IN WITNESS WHEREOF, the Parties hereto have executed this Master Subcontractor Agreement for Value Added Tax Compliance as of the Effective Date.

For Contractor:

For Subcontractor:

Name: _____
Title: _____
Date: _____

Name: _____
Title: _____
Date: _____