

## SUBCONTRACTOR VAT COMPLIANCE AGREEMENT

This Subcontractor Value Added Tax (VAT) Compliance Agreement (the "Agreement") is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), by and between:

**Contractor:** \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as the "Contractor"),

and

**Subcontractor:** \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as the "Subcontractor").

### 1. PURPOSE & SCOPE

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The purpose of this Agreement is to ensure full compliance with the Value Added Tax (VAT) laws, regulations, and administrative requirements of \_\_\_\_\_ (the "Jurisdiction") regarding the goods and/or services supplied by the Subcontractor to the Contractor under any current or future service agreements (the "Main Contract").

### 2. VAT REGISTRATION AND STATUS

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- a. The Subcontractor warrants and represents that it is active and duly registered for VAT purposes in the Jurisdiction under VAT Registration Number: \_\_\_\_\_.
- b. The Subcontractor shall provide a copy of its valid VAT registration certificate to the Contractor upon execution of this Agreement.
- c. The Subcontractor shall immediately notify the Contractor in writing, within \_\_\_\_\_ business days, of any change in its VAT status, including deregistration, suspension, or any changes to its VAT registration number.

### 3. INVOICING REQUIREMENTS

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- a. All invoices issued by the Subcontractor to the Contractor must qualify as valid "Tax Invoices" under the applicable VAT laws of the Jurisdiction.
- b. Each invoice must clearly display the following details:
  - i. The Subcontractor's legal name, address, and VAT registration number.
  - ii. The Contractor's legal name, address, and VAT registration number: \_\_\_\_\_.
  - iii. A unique sequential invoice number and the date of issue.
  - iv. A clear description of the goods or services provided.
  - v. The taxable amount, the VAT rate applied, the total VAT payable, and the gross amount payable.
- c. If the reverse charge mechanism is applicable to any services provided, the Subcontractor shall clearly state on the invoice that the reverse charge applies and cite the relevant statutory provision.

### 4. INDEMNIFICATION

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The Subcontractor agrees to fully indemnify, defend, and hold harmless the Contractor from and against any and all

liabilities, losses, damages, penalties, fines, interest, costs, and expenses (including reasonable legal fees) arising out of or in connection with:

- a. Any failure by the Subcontractor to comply with its VAT obligations under this Agreement or applicable law.
- b. The issuance of invalid or incorrect VAT invoices by the Subcontractor.
- c. Any reassessment or rejection of input VAT recovery by the relevant tax authority due to the Subcontractor's incorrect VAT reporting or status.

## **5. COOPERATION AND AUDITS**

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The Subcontractor shall cooperate fully with the Contractor and provide all necessary documentation and information requested in the event of any inquiry, audit, or investigation by the tax authorities concerning transactions between the parties.

## **6. TERM AND TERMINATION**

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This Agreement shall remain in full force and effect for the entire duration of the business relationship between the parties and shall survive the termination of any underlying Main Contract until all VAT liabilities and audit prescription periods have expired under local laws.

## **7. GOVERNING LAW**

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This Agreement shall be governed by and construed in accordance with the laws of \_\_\_\_\_, without giving effect to any choice of law principles.

IN WITNESS WHEREOF, the parties hereto have executed this Subcontractor VAT Compliance Agreement as of the Effective Date.

**FOR THE CONTRACTOR:**

**FOR THE SUBCONTRACTOR:**

\_\_\_\_\_  
**AUTHORIZED SIGNATURE**

\_\_\_\_\_  
**AUTHORIZED SIGNATURE**

\_\_\_\_\_  
**PRINTED NAME**

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