

# SUBCONTRACTOR VAT COMPLIANCE GUARANTEE AND INDEMNITY CONTRACT

This Subcontractor VAT Compliance Guarantee and Indemnity Contract (the "Agreement") is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between:

**Contractor:**

\_\_\_\_\_  
Address:

\_\_\_\_\_  
VAT Number: \_\_\_\_\_

**Subcontractor:**

\_\_\_\_\_  
Address:

\_\_\_\_\_  
VAT Number: \_\_\_\_\_

## RECITALS

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WHEREAS, the Contractor and the Subcontractor have entered into a prime subcontracting agreement or service agreement dated \_\_\_\_\_ (the "Main Agreement"); and

WHEREAS, pursuant to the provision of services and/or goods under the Main Agreement, the Subcontractor is required to charge, collect, and remit Value Added Tax (VAT) in strict compliance with the applicable tax laws of \_\_\_\_\_; and

WHEREAS, the Contractor requires absolute assurance and legal indemnity that the Subcontractor will comply with all VAT registration, invoicing, reporting, and payment obligations to prevent any joint and several liability, financial loss, or penalties being imposed on the Contractor.

NOW, THEREFORE, the Parties agree as follows:

### 1. VAT REGISTRATION AND VERIFICATION

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1. The Subcontractor warrants and represents that it is actively and validly registered for VAT purposes in the jurisdiction of \_\_\_\_\_.
2. The Subcontractor shall provide a valid copy of its VAT registration certificate to the Contractor upon execution of this Agreement, and thereafter annually or immediately upon request.
3. The Subcontractor must immediately notify the Contractor in writing within \_\_\_\_\_ business days of any change in its VAT registration status, including cancellation, suspension, or change in registration details.

### 2. INVOICING REQUIREMENTS

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1. All invoices issued by the Subcontractor to the Contractor must qualify as valid VAT invoices under the tax laws of \_\_\_\_\_.
2. Each invoice must clearly display:
  - a. The Subcontractor's registered VAT number;
  - b. The Contractor's registered VAT number;
  - c. A unique sequential invoice number;
  - d. The date of issue and tax point date (if different);
  - e. A clear description of the goods or services supplied;

- f. The applicable VAT rate(s) and the total VAT amount charged.
3. The Contractor reserves the right to withhold payment on any invoice that does not fully comply with the aforementioned VAT invoicing standards, without incurring any interest, late fees, or contractual penalties.

### 3. COMPLIANCE GUARANTEE AND COVENANTS

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The Subcontractor guarantees and covenants that it will:

- a. Duly report and account for all VAT charged to the Contractor in its relevant tax returns;
- b. Remit the full amount of VAT received from the Contractor to the appropriate tax authority within the statutory timeframes;
- c. Maintain complete and accurate books, accounts, and tax records relating to all transactions under the Main Agreement for the minimum statutory period required by law.

### 4. INDEMNIFICATION

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1. The Subcontractor hereby unconditionally and irrevocably agrees to indemnify, defend, and hold harmless the Contractor, its affiliates, directors, officers, and employees from and against any and all claims, liabilities, losses, damages, fines, penalties, interest, costs, and expenses (including reasonable legal and professional 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. Any invalidity, cancellation, or inaccuracy of the Subcontractor's VAT registration;
  - c. Any rejection by the tax authorities of the Contractor's input tax deduction claims resulting from non-compliant invoices or transactions executed by the Subcontractor.
2. The Contractor shall notify the Subcontractor in writing of any claim, audit inquiry, or assessment by the tax authorities that may trigger this indemnity within \_\_\_\_\_ days of receipt of such notice.

### 5. TERM AND TERMINATION

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This Agreement shall commence on the date first written above and shall remain in full force and effect for as long as any obligations under the Main Agreement exist, and shall survive the termination or expiration of the Main Agreement for a period equal to the maximum statutory limitation period for tax audits and assessments in the relevant jurisdiction.

### 6. GOVERNING LAW AND JURISDICTION

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This Agreement shall be governed by and construed in accordance with the laws of \_\_\_\_\_. Any dispute arising under or in connection with this Agreement shall be subject to the exclusive jurisdiction of the courts of \_\_\_\_\_.

IN WITNESS WHEREOF, the Parties hereto have executed this Subcontractor VAT Compliance Guarantee and Indemnity Contract as of the date first above written.

**For the Contractor:**

**For the Subcontractor:**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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