

Subcontractor Agreement

This is a template, not legal advice

This document is a general-purpose template provided for information only. It is not legal advice, it does not create a lawyer-client relationship, and nobody has reviewed it against your situation.

Laws differ by country, state and province, and they change. A clause that is standard in one place can be unenforceable — or illegal — in another. Terms that are ordinary between two businesses can be void in a consumer or employment context.

Read every clause before you use it, fill in every blank, and delete anything that does not apply. For anything high-value, unusual, or that you could not afford to lose a dispute over, have a qualified lawyer in your jurisdiction review it before it is signed.

How to use this template

1. Read it end to end and delete any clause that does not apply to you. Blanks are shown as a grey label on a line.
2. Need the other party to sign too, with an audit trail and a tamper-evident seal? That is what the paid product does.

Subcontractor Agreement

This Subcontractor Agreement (this "Agreement") is made on [Date] between [Contractor's full legal name] of [Contractor's address] (the "Contractor") and [Subcontractor's full legal name or registered business name] of [Subcontractor's address] (the "Subcontractor"). Each is a "Party" and together they are the "Parties".

The Contractor has entered into a contract with [Owner's full legal name] of [Owner's address] (the "Owner"), described in clause 6 (the "Prime Contract"), under which the Contractor owes the Owner certain work. The Contractor wishes to engage the Subcontractor to perform part of that work, and the Subcontractor wishes to perform it as an independent business and not as an employee of the Contractor or the Owner. This Agreement sets out the terms of that engagement. The Owner is not a Party to this Agreement.

1. Services and Deliverables

The Subcontractor shall provide the following services to the Contractor (the "Services"):

[Describe the services in specific terms, e.g. install and test the electrical wiring for floors 3-6] .

The Subcontractor shall deliver the following (the "Deliverables"):

- (a) [First deliverable, and the form it is delivered in] ;
- (b) [Second deliverable, if any] ;
- (c) [Third deliverable, if any] .

2. Scope Changes

Work that is not described in clause 1 is outside the scope of this Agreement. If the Contractor asks for work outside that scope, neither Party is obliged to proceed until the Parties have agreed in writing on the additional work and the additional fee, which may be recorded in an email or a written change order. Where the additional work is itself requested by the Owner under the Prime Contract, the Contractor shall pass on the relevant part of that request, but this Agreement — not the Prime Contract — governs what the Subcontractor is paid for it.

The Subcontractor shall notify the Contractor promptly if the Contractor's requests, or a delay caused by the Contractor or the Owner, materially change the effort required to complete the Services.

3. Fees, Invoicing and Expenses

The Contractor shall pay the Subcontractor

[Rate and basis, e.g. \$75 per hour, or \$18,000 for the scope of work] for the Services.

[State any deposit or milestone schedule, e.g. 30% on signing and the balance on milestones, or write "None"] .

The Subcontractor shall invoice the Contractor

[Invoicing frequency, e.g. on completion of each milestone, or monthly in arrears] . The

Contractor shall pay each undisputed invoice within

[Payment period, e.g. fourteen (14) days] of receipt, by

[Payment method, e.g. bank transfer to the account named on the invoice] . The

Subcontractor's right to be paid under this Agreement does not depend on the Contractor first being paid by the Owner under the Prime Contract. Amounts unpaid after the payment period bear interest at

[Late payment interest rate, e.g. 1.5% per month] , and the Subcontractor may suspend the Services on written notice until payment is received. If the Contractor disputes part of an invoice in good faith, it shall pay the undisputed part on time and raise the disputed part in writing before the due date.

The fees are [State "inclusive of" or "exclusive of"] expenses. Expenses that are billed separately must be reasonable, incurred in performing the Services, approved by the Contractor in writing in advance where they exceed [Approval threshold, e.g. \$200] , and supported by receipts. All amounts are exclusive of any sales, value-added or similar taxes, which the Contractor shall pay in addition where they apply.

4. Term, Schedule and Deadlines

This Agreement begins on [Start date] and continues until

[End date, a milestone, or "the Services are complete"] , unless ended earlier under clause 12 or clause 13. This Agreement

[Renewal, e.g. "does not renew" or "renews monthly unless either Party gives notice"] .

The Subcontractor shall use reasonable efforts to meet the following dates, coordinated with the schedule set under the Prime Contract:

[Key milestones and their dates, or "the schedule agreed in writing between the Parties"] .

Deadlines that depend on the Contractor or the Owner supplying content, access, approvals or materials shift by the length of any delay by the Contractor or the Owner. Neither Party is liable for a failure to meet a deadline caused by an event outside its reasonable control, provided it notifies the other Party promptly and resumes performance as soon as it can.

5. Subcontractor Status

The Subcontractor is an independent contractor of the Contractor. Nothing in this Agreement creates an employment, partnership, joint venture or agency relationship between the Subcontractor and either the Contractor or the Owner, and neither Party may bind the other, or hold itself out as able to bind the Owner, or hold itself out as able to do so. It is the express intention of both Parties that the Subcontractor is engaged as an independent business.

This clause records the Parties' intention. Each Party shall conduct the engagement consistently with it, and neither shall act in a way that contradicts it.

Accordingly, the Parties agree that:

- (a) the Subcontractor controls the manner, method and means by which the Services are performed, and determines when and where the work is done, subject only to the Deliverables, deadlines, the Flow-Down Provisions in clause 6, and reasonable access or security requirements agreed in this Agreement;
- (b) the Subcontractor supplies its own equipment, tools, software and workspace, unless the Parties agree otherwise in writing;
- (c) the Subcontractor is free to work for other businesses, including during the term of this Agreement, provided doing so does not breach clause 8 or clause 10;
- (d) the Subcontractor may engage its own employees or sub-subcontractors to perform the Services, and remains responsible for their work, their pay and their compliance with this Agreement, provided any such engagement is permitted under the Flow-Down Provisions;
- (e) the Subcontractor is not entitled to any employee benefit provided by the Contractor or the Owner, including paid leave, sick pay, health or retirement benefits, expense allowances, bonuses or severance; and
- (f) neither the Contractor nor the Owner withholds or pays employment taxes, social security or similar contributions on the Subcontractor's behalf.

6. Flow-Down Obligations (Prime Contract)

The "Prime Contract" is the contract between the Contractor and the Owner dated [Prime Contract date] , as amended, for [Description of the prime project, e.g. construction of the XYZ distribution facility] , under which the Services form part of the work the Contractor owes the Owner.

The Contractor has provided the Subcontractor with, or made available for review before signing, the provisions of the Prime Contract that apply to the scope of the Services, including

[List the flow-down categories that apply, e.g. specifications, safety rules, insurance minimums, warranty periods, change-order and dispute procedures]

(together, the "Flow-Down Provisions"). The Subcontractor confirms it has read and understood the Flow-Down Provisions.

To the extent the Flow-Down Provisions apply to the scope of the Services, they are incorporated into this Agreement by reference and bind the Subcontractor as if the Subcontractor were the Contractor under the Prime Contract for that limited purpose. Where a Flow-Down Provision and another part of this Agreement address the same subject and conflict, the one imposing the stricter or more protective standard on the Subcontractor governs — except that this Agreement alone governs the fees payable to the Subcontractor under clause 3 and the term under clause 4, whatever the Prime Contract provides on those subjects. The Subcontractor shall:

- (a) perform the Services so that the Contractor's performance under the Prime Contract, to the extent it depends on the Services, is not placed in breach;
- (b) comply with the Flow-Down Provisions governing specifications, standards, permits, safety and quality that apply to the Services;
- (c) cooperate with any inspection, test or approval the Owner is entitled to conduct under the Prime Contract, to the extent it relates to the Services;
- (d) notify the Contractor promptly of anything that could affect the Contractor's performance of, or entitle it to relief under, the Prime Contract; and
- (e) not communicate directly with the Owner about the Prime Contract or the Services except

[State the exception, e.g. "as the Contractor directs in writing" or "at a site meeting the Contractor also attends"] ,

without the Contractor's prior written consent.

7. Taxes, Insurance and Compliance

The Subcontractor is solely responsible for reporting and paying all taxes, contributions and levies arising from the fees paid under this Agreement, and for any filings its status as a self-employed business requires. The Subcontractor shall provide the Contractor with any tax identification details, forms or information the Contractor is reasonably required to collect or file in connection with these payments, and shall keep them current.

The Subcontractor shall hold and maintain, at its own cost, any licenses, registrations or permits its business requires, and shall comply with the laws that apply to the performance of the Services and with any insurance minimums stated in the Flow-Down Provisions. The Subcontractor shall maintain

[Insurance the Subcontractor must carry, e.g. general liability and workers' compensation, or "the insurance stated in the Flow-Down Provisions"]

for the term of this Agreement, naming the Contractor and, where the Flow-Down

Provisions require it, the Owner as an additional insured, and shall provide evidence of it on request.

The Subcontractor shall indemnify the Contractor against any tax, contribution, penalty or interest assessed against the Contractor because the Subcontractor failed to report or pay amounts for which it is responsible under this clause.

8. Confidentiality

"Confidential Information" means any non-public information the Contractor discloses to the Subcontractor, or that the Subcontractor learns or creates in performing the Services, in any form and whether or not it is marked confidential. It includes business and financial information, pricing, customer and supplier details, product or project plans, designs, source code, credentials, personal data, the existence and terms of this Agreement, and any non-public information of the Owner that the Subcontractor receives in connection with the Prime Contract.

The Subcontractor shall keep Confidential Information strictly confidential, use it only to perform the Services, take at least reasonable care with it, and not disclose it to any third party except to its personnel and permitted sub-subcontractors who need it for the Services and who are bound by obligations at least as protective as these. The Subcontractor remains responsible for any breach by those people.

These obligations do not apply to information that was already lawfully known to the Subcontractor without a duty of confidentiality, is or becomes public through no fault of the Subcontractor, is lawfully received from a third party free to disclose it, or was independently developed without reference to the Confidential Information. The Subcontractor may disclose Confidential Information to the extent required by law or a court or regulator, and shall where lawful and practicable notify the Contractor first. These obligations continue for [Confidentiality survival period, e.g. three (3) years] after this Agreement ends, and for as long as the information remains a trade secret under applicable law.

9. Intellectual Property and Work Product

"Work Product" means the Deliverables and any other material the Subcontractor creates for the Contractor in performing the Services, together with all intellectual property rights in it. On receipt of payment in full for the Services to which it relates, the Subcontractor assigns to the Contractor all right, title and interest in the Work Product, and shall sign any document and do anything else the Contractor reasonably requests to record or perfect that assignment, including any step needed for the Contractor to pass those rights on to the Owner as the Prime Contract requires. Until payment in full is received, the Subcontractor retains all rights in the Work Product and the Contractor has no license to use it.

The Subcontractor may use pre-existing material it owns or is licensed to use, and third-party or open-source components, in producing the Work Product ("Background Material"). Background Material is not assigned. The Subcontractor grants the Contractor a perpetual, worldwide, non-exclusive, royalty-free license to use, modify and distribute any Background Material embedded in the Work Product, to the extent needed to use the Work Product for its intended purpose and to satisfy the Contractor's obligations to the Owner under the Prime Contract. The Subcontractor shall identify on request any third-party or open-source component it has included and the license terms that apply to it.

To the extent permitted by law, the Subcontractor waives any moral rights in the Work Product. Despite clause 8, the Subcontractor may describe the engagement and display the Work Product in its portfolio or case studies, provided it discloses no other Confidential Information and identifies neither the Owner nor the Prime Contract by name without consent;

[State any further restriction on publicity, e.g. "the Contractor's prior written approval is required" or "no further restriction applies"]

10. Non-Solicitation of the Owner

In performing the Services the Subcontractor may deal directly or indirectly with the Owner, or learn the identity of the Owner and its personnel, through the Contractor. In consideration of that access, for

[Non-solicitation period, e.g. the term of this Agreement and twelve (12) months after it ends]

the Subcontractor shall not, without the Contractor's prior written consent, directly or indirectly:

- (a) solicit or accept an engagement from the Owner, or from any Owner affiliate identified in the Prime Contract, to perform services the same as or substantially similar to the Services;
- (b) solicit the Owner to terminate, reduce, or not renew its relationship with the Contractor under the Prime Contract; or

(c) solicit for employment or engagement any individual employed or engaged by the Owner with whom the Subcontractor had contact in performing the Services.

11. Consequences of Non-Solicitation Breach

This clause does not restrict the Subcontractor from responding to a general advertisement or solicitation not specifically directed at the Owner or its personnel, or from continuing to perform services for the Owner that the Subcontractor was already providing, under a separate written agreement entered into before the date of this Agreement, disclosed to the Contractor in writing.

The Subcontractor acknowledges that damages alone may not be an adequate remedy for a breach of clause 10, and that the Contractor may seek injunctive or other equitable relief in addition to treating the breach as material under clause 12 and to any other remedy available to it.

12. Termination

Either Party may end this Agreement for convenience on [Notice period, e.g. fourteen (14) days] written notice to the other. Either Party may end this Agreement immediately on written notice if the other Party:

- (a) commits a material breach of this Agreement that is not remedied within [Cure period, e.g. ten (10) days] of written notice describing it;
- (b) fails to pay an undisputed invoice within [Payment default period, e.g. thirty (30) days] of its due date;
- (c) becomes insolvent, enters administration or liquidation, or takes any equivalent step in any jurisdiction; or
- (d) is unable to perform for [Force majeure period, e.g. thirty (30) consecutive days] because of an event outside its reasonable control.

13. Termination on Loss of the Prime Contract

If the Prime Contract terminates, is suspended, or the scope covering the Services is deleted from it, for a reason unrelated to the Subcontractor's performance, the Contractor may terminate this Agreement, or the affected part of it, immediately by written notice, without that termination being treated as for convenience or for cause by either Party. Clause 14 states the payment consequences of a termination under this clause.

14. Consequences of Termination

On termination the Contractor shall pay for all Services performed and expenses properly incurred up to the effective date of termination, including any completed milestone and a pro-rated amount for work in progress. The Subcontractor shall deliver the Work Product created up to that date, in its then-current state, once that payment is received.

Within [Return period, e.g. ten (10) days] of termination each Party shall return or destroy the other Party's Confidential Information, materials, credentials and property in its possession, except for one copy either Party may retain to the extent required by law or its ordinary backup and record-retention practices. Clauses 6, 7, 8, 9, 10, 11, 15, 16 and 17 survive termination, along with this clause and any payment obligation that accrued before it.

15. Warranties and Indemnity

The Subcontractor warrants that it has the right to enter into this Agreement, that the Services will be performed with reasonable skill and care and in a professional manner, that the Services and Work Product will comply with the Flow-Down Provisions that apply to them, and that the Work Product will be its original work or material it is licensed to supply and will not, to the best of its knowledge, infringe the rights of any third party. The Contractor warrants that it has the right to supply any material it provides to the Subcontractor for use in the Services, including any material derived from the Prime Contract.

Each Party shall indemnify the other against third-party claims, including claims the Owner brings against the Contractor under the Prime Contract, arising from a breach of the warranties it gives in this clause. The indemnifying Party's obligation applies only if it is notified of the claim promptly, is given reasonable control of its defense, and receives reasonable cooperation from the other Party.

16. Limitation of Liability

Neither Party is liable to the other for any indirect or consequential loss, or for loss of profit, revenue, data, goodwill or anticipated savings, however caused.

Each Party's total liability arising out of or in connection with this Agreement is limited to

[Liability cap, e.g. the total fees paid under this Agreement in the twelve (12) months before the claim] .

The exclusions and the cap in this clause do not apply to liability for fraud, for a breach of clause 8 or clause 10, or to amounts payable under the indemnities in clause 7 and clause 15, and nothing in this Agreement limits any liability that cannot lawfully be limited.

17. Governing Law and Jurisdiction

This Agreement and any dispute arising out of it are governed by the laws of [Governing law, e.g. the State of Delaware] . The Parties submit to the exclusive jurisdiction of the courts of [Jurisdiction] .

18. General

This Agreement is the entire agreement between the Parties about the Services and replaces any earlier proposal, quote or understanding on that subject. It may only be amended in writing signed by both Parties. Any purchase order or standard terms either Party issues has no effect on this Agreement. Nothing in this Agreement makes the Owner a Party to it or gives the Owner a right to enforce it.

Neither Party may assign this Agreement without the other's written consent, except to a successor to substantially all of its business. If any provision is held unenforceable, the rest continues in force. A failure to enforce a provision is not a waiver of it. Notices under this Agreement must be in writing and sent to the addresses above or to an email address the Parties use for the engagement.

This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

In agreement with the terms above, the parties have signed below on the dates written beside their signatures.

Contractor

Signature: _____

Printed name: _____

Company: _____

Title: _____

Date: _____

Subcontractor

Signature: _____

Printed name: _____

Date: _____