

## Insights



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### **Contractor Liability for Subcontractor Employee Wages**

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A lot of thought and care should, and generally does, go into the selection of a subcontractor for a project. Contractors not only need to ensure that the subcontractor can perform the work, but also that they have the proper insurance and financial wherewithal to see the project through to the end.

Contractors may also worry about whether a subcontractor is paying its employees a proper wage and if they can be held liable. There are generally two circumstances where this arises and multiple ways general contractors or higher-tier subcontractors can guard against paying twice for a portion of the work. It is called “paying twice” because if a contractor pays a subcontractor \$50,000 to perform a task, and then later has to pay that subcontractor’s employees \$10,000 because the subcontractor failed to do so, the contractor has effectively paid twice for a portion of the contract.

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