



a publication of

**PAM**

**PERTUBUHAN AKITEK MALAYSIA  
MALAYSIAN INSTITUTE OF ARCHITECTS**

# **SERVICE TAX APPLICABLE FOR ARCHITECTURAL SITE STAFF**

## **PAM Practice Notes**

August 2014  
Serial No.: 1-2014

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This applies to Architectural site staff such as **Clerk-of-Works or Resident Architects** or any other staff referred as the personnel appointed by the Architect to be present at the project site to monitor and report on the progress of the project to the Client and/or Architect.

1. Services provided by the Clerk-of-Works or Residents Architects for Architects and Clients are subject to Service Tax since 1993.
  - a. The charge of hours or the fee raised by Clerk-of-Works is subject to Service Tax. If the Architect claims reimbursement for the same amount from the client, then the Architect does not need to charge service tax anymore to the Client. However, if there is a mark-up, that amount will be subject to Service Tax.
  - b. The claim for reimbursement of salary (payable to the employee of the Architect for acting as a Clerk-of-Work or Resident Architect) from the Client is subject to Service Tax.

2. All charges invoiced to the Client for services by all site staff are subject to Service Tax except for the portion of services which have already been taxed under Service Tax Act.

Therefore, if the Architect is charging the Client and this charge includes the amount charged by a Clerk-of-Work, then he/she must first determine whether the Clerk-of-Work had included Service Tax in his/her invoice to the Architect. If he/she did, then this amount should be excluded so that it is not subjected to another round of Service Tax.

3. The reimbursement fee (to be specified separately in the invoice) termed as "disbursement" is not subject to Service Tax and includes:
  - a. Printed documents in connection with the provision of taxable services such as plans, travel claims, meals, accommodation, photocopying, telephone, fax, postage, etc.
  - b. Mandatory fee imposed under other laws such as stamp duty and government levy and tax for agreements.