

## **FREQUENTLY ASKED QUESTIONS (FAQs)**

1. **Q : As a company providing employment services, how do I calculate my turnover for registration purposes?**

A : The calculation of your turnover will be on:

- (i) Service fee, including arranging fee
- (ii) Commission or any type of consideration
- (iii) Additional charges or mark up

2. **Q : Does the service tax treatment on employment services will only be applicable to the employment agency?**

A : No, any taxable person who provides employment services as explained in this guide is applicable to Service Tax Act 2018, notwithstanding the type of business entity.

3. **Q : Does secondment of staff subject to service tax?**

A : Yes, secondment of staff is subjected to service tax if it is made between companies not within the same group of companies and there are fees, commission or mark-up charged to the client.

4. **Q : If secondment of staff is made between companies within the same group, does the commission received trigger service tax?**

A : Yes, any fees, commission or mark-up charged will trigger service tax.

5. **Q : Does secondment of staff need to have contract or agreement?**

A : To qualify as a secondment of staff, the service provider (seconded) is required to keep proper records of the secondment such as contract, agreement or any relevant supporting document.

6. **Q : As a holding company, should I account for service tax if I provide free employment services to my subsidiary?**

A : No, if there is no charge on the services rendered. However, service tax is applicable if you recover it from a subsidiary as a management fee.

7. **Q : If I issue an invoice in detail (itemized), is service tax charged on the mark-up value or on the value of invoice?**

A : Service tax will be charged on the fees, mark-up or commission only. However, if you do not itemized your services on the invoice issued to your client, service tax will be imposed on the total amount of the invoice.

8. **Q : If I am providing employment services for job outside Malaysia, do I have to account for service tax?**

A : Employment services provided for job outside Malaysia is not subjected to service tax.

9. **Q : If I am providing employment services partly for job in Malaysia and partly for job outside Malaysia, how do I account for service tax?**

A : Service tax is only applicable on employment services made in Malaysia. You may use a reasonable method in determining the value of taxable employment services.

10. Q : **Zul Cari Kerja Sdn Bhd (ZCK), a provider of employment services provides staff to be based at the client’s premise. ZCK pays its staff a monthly salary of RM5,000 and charged the client RM15,000 [RM5,000 (advance first month staff salary) plus RM10,000 (employment service fee)]**

**Miscellaneous expenses incurred by ZCK are as follows:**

**FOMEMA medical examination                    RM 150**

**Work Permit    RM 50**

**From the situation given, how does ZCK account for service tax?**

A : (i) If ZCK itemized all of the charges on the same invoice, only the fee on employment services is subjected to service tax, while the allowable disbursements are not subjected to service tax.

**INVOICE**

**ZUL CARI KERJA SDN BHD**  
No.69, Jalan Raja, 10250 Butterworth  
Penang  
Tel: 04 - 6228 9000  
Faks: 04 – 6228 8000

**INTAN CONSTRUCTION SDN BHD**  
No 19, Jalan Tun Husin  
62100 Putrajaya

**Invoice No: T090909**  
Date: 18 November 2018

<b>No.</b>	<b>Description</b>	<b>Amount (RM)</b>
1.	<i>Employment Service Fee</i>	10,000.00
2.	<i>Staff Salary (advance 1 month)</i>	5,000.00
4.	<i>FOMEMA Medical Examination</i>	150.00
5.	<i>Work Permit</i>	50.00
<b>Total Amount Before Tax</b>		15,200.00
<b>Service Tax (6%)</b>		600.00
<b>Total Amount After Tax</b>		<b>15,800.00</b>

- (ii) However, if ZCK issued the invoice without itemizing the fee and charges on the same or separate invoice, all of the charges are subjected to service tax.

**INVOICE**

**ZUL CARI KERJA SDN BHD**

No.69, Jalan Raja, 10250 Butterworth  
Penang  
Tel: 04 - 6228 9000  
Faks: 04 – 6228 8000

**INTAN CONSTRUCTION SDN BHD**

No 19, Jalan Tun Husin  
62100 Putrajaya

**Invoice No: T090909**

Date: 18 November 2018

<b>No.</b>	<b>Description</b>	<b>Amount (RM)</b>
1.	<i>Employment Service Fee &amp; other charges</i>	15,200.00
	<b>Total Amount Before Tax</b>	15,200.00
	<b>Service Tax (6%)</b>	912.00
	<b>Total Amount After Tax</b>	<b>16,112.00</b>