



BOARD OF ENGINEERS MALAYSIA

CIRCULAR NO. 1/2009

PAYMENT OF STAMP DUTY

Reference is made to the amendment and implementation of the First Schedule of the Stamp Act 1949 (Act) which came into effect from 1st January 2009. Consequential to this amendment, all service agreements of the construction industry are now chargeable with an ad valorem stamp duty at the rate of RM5.00 for every RM 1,000.00, or part thereof, of the total contract value. Prior to that, the stamp duty for such a contract was a standard fixed sum of RM 10.00.

The Board is of the view that Stamp Duty, similar to Service Tax, is not part and parcel of the fees payable to an engineering consultant for services rendered to a client. As such, Stamp Duty shall be borne by the client.

Should 'BEM FORM (1999) – BEM MODEL FORM OF MEMORANDUM OF AGREEMENT BETWEEN CLIENT AND CONSULTING ENGINEER FOR PROFESSIONAL SERVICES' is used, engineers are advised to insert the following new clause under General Conditions prior to signing the agreement :-

Clause 11.9 The Client shall be responsible for paying any Stamp Duty arising from the signature and execution of the Agreement.

[269th Board Meeting / 12th May 2009]

DATO' SRI PROF. Ir. DR. JUDIN ABDUL KARIM
President
BOARD OF ENGINEERS MALAYSIA