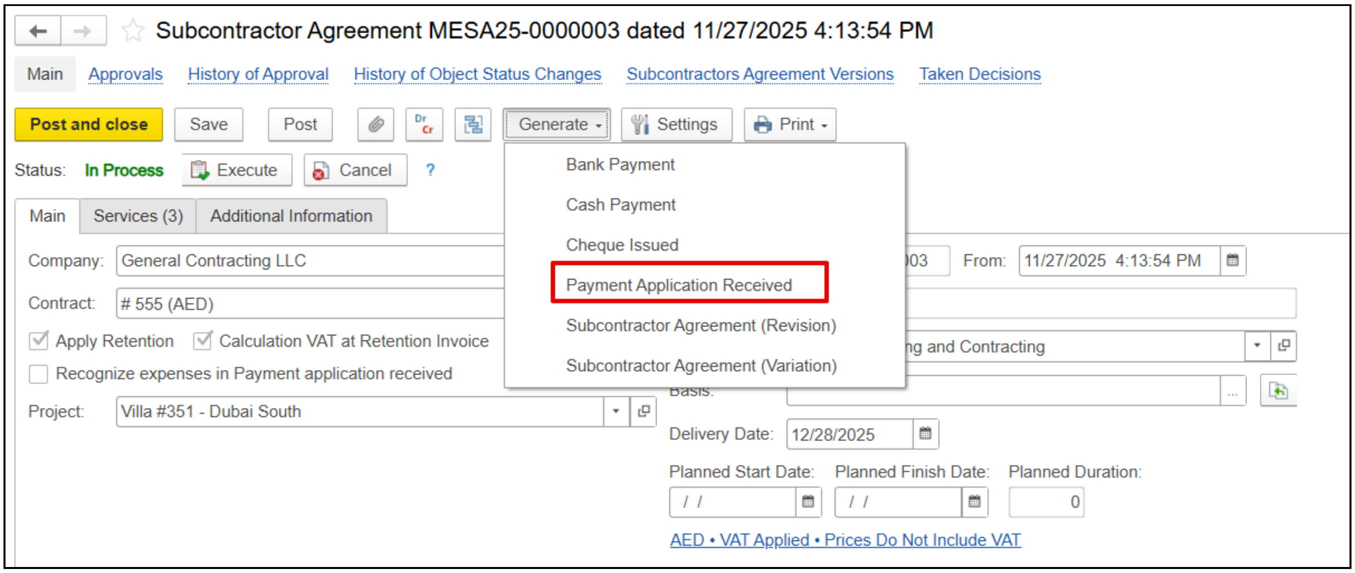
5.3.2.Payment Application Received

The **Payment Application Received** document is used to record a subcontractor's claimed amount for work performed under a Subcontractor Agreement (SA). It provides the basis for certifying the value of work completed and, when configured, for recognizing related expenses in the financial accounts.

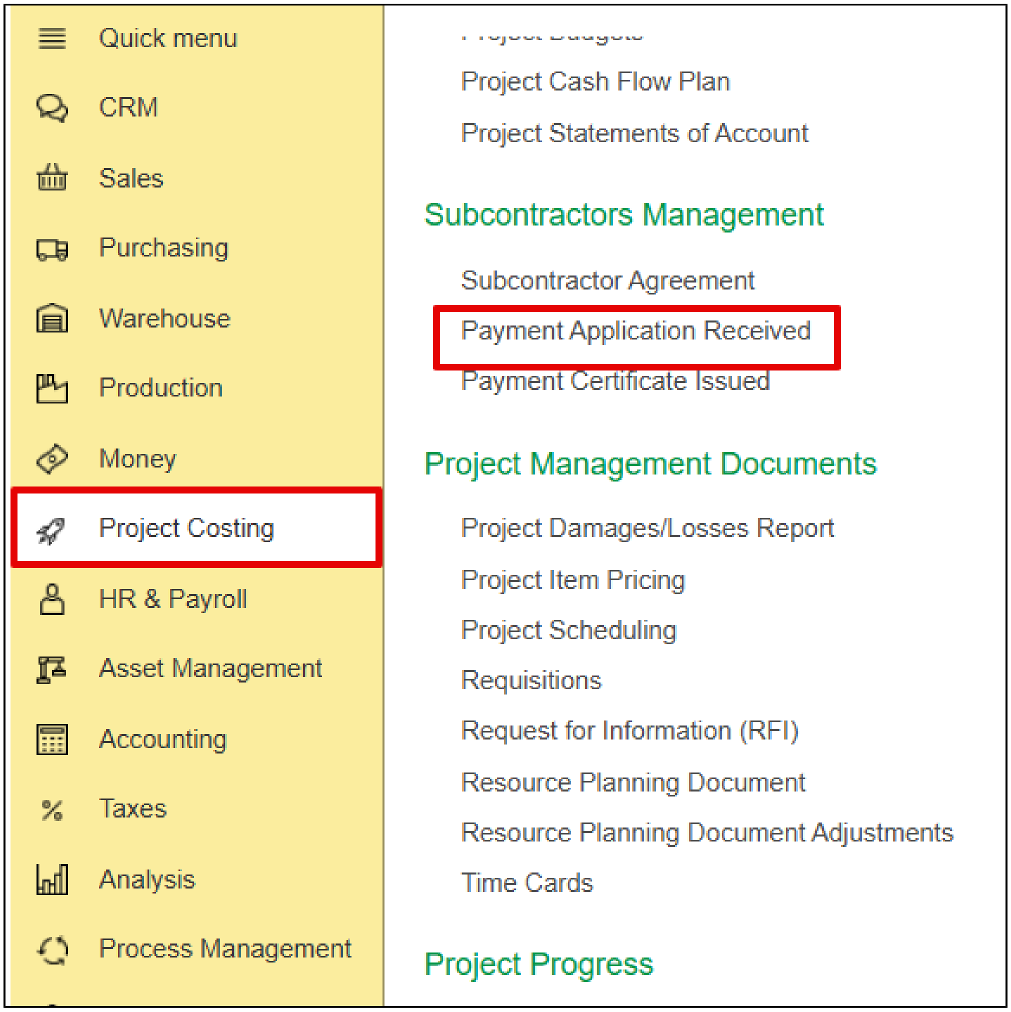
How to Create

The Payment Application Received document is mainly created from the Subcontractor Agreement using the generate feature, which automatically transfers all default information from the subcontractor agreement.

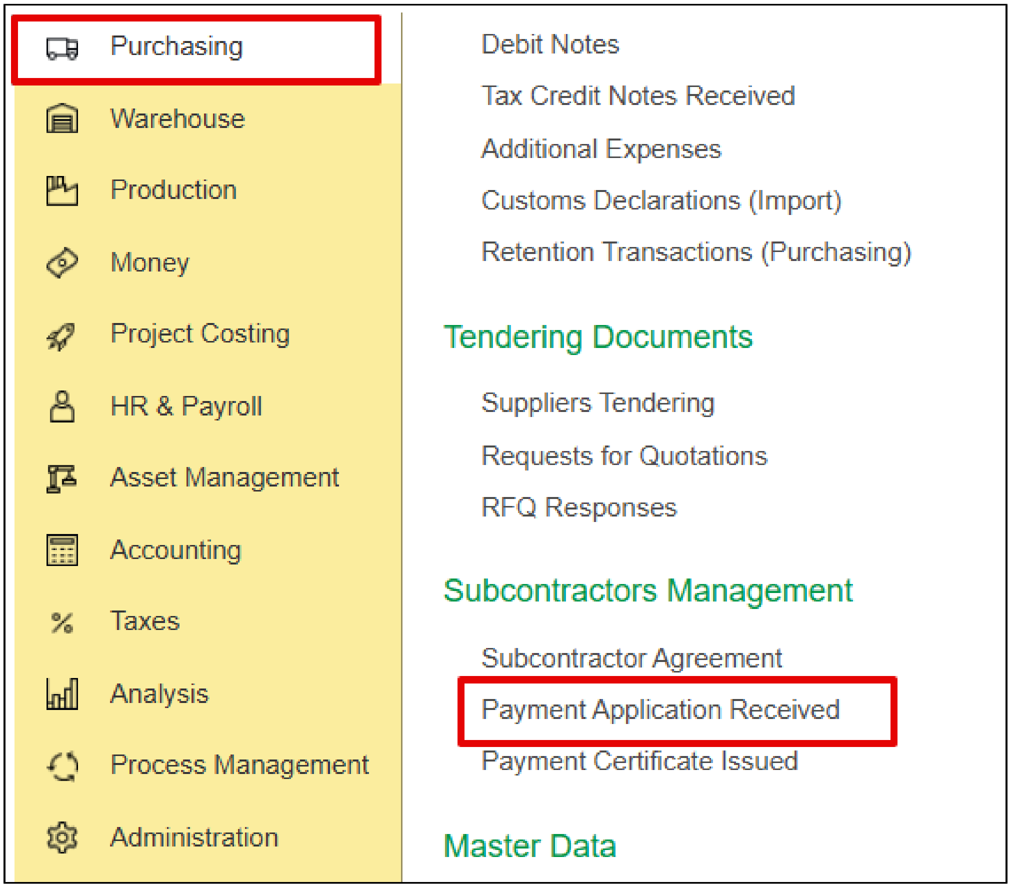


Alternatively, it can also be created from the Project Costing and Purchasing module.

- **Project Costing Subcontractor Management Payment Application Received**.



- Purchasing Subcontractor Management Payment Application Received.



Main Tab

Captures the general details and linkages of the document

- **Company** - Subcontractor submitting the payment request.
- **Contract** - Contract associated with the subcontractor.
- **Apply Retention / VAT on Retention** - Option to hold back a portion of the payment to ensure work quality; VAT is to be calculated on the retained amount.
- **Recognize Expenses in Payment Application Received-**

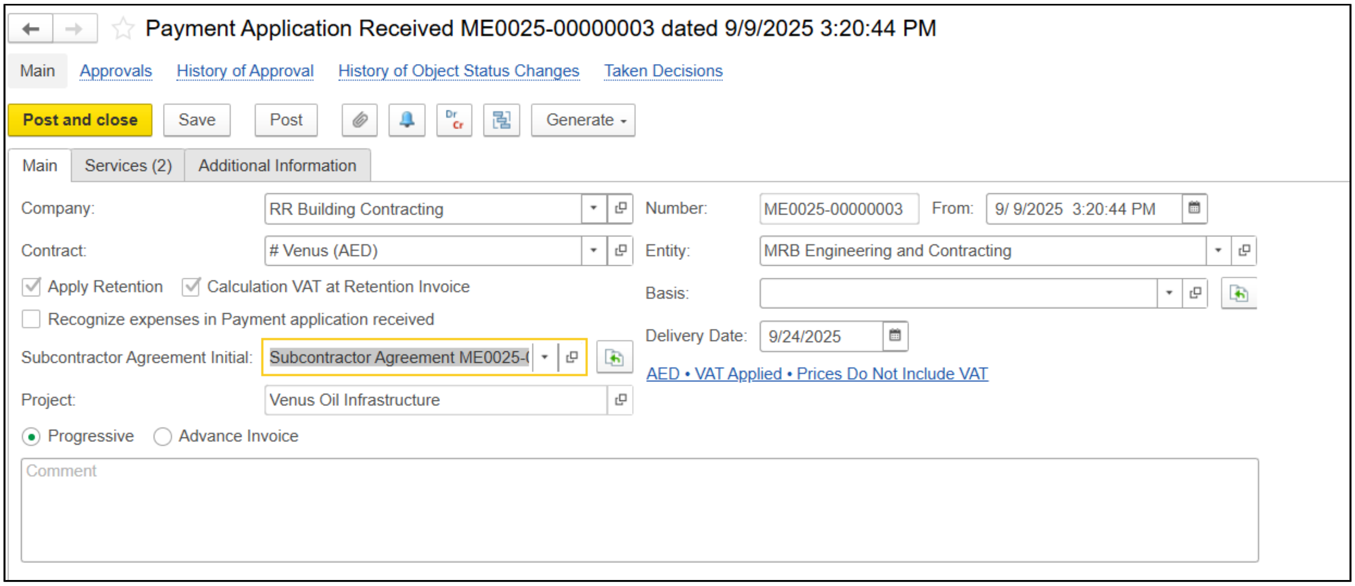
  If the Subcontractor Agreement Basis is set to *Recognize Expenses by Payment Application*, expense recognition and financial postings occur when the document is approved/posted

  GL Transactions:

  > **Dr** Expense (based on the linked cost item and analytics)
  >
  > **Cr** Unbilled Purchase (liability representing the subcontractor's claim)

  When the subcontractor's invoice is later received, this liability is cleared to Payables

- **Subcontract Agreement Initial** - Reference to the original subcontract agreement document.
- **Project** - Project linked to the payment claim.
- **Delivery Date** - Indicates the time period or cut-off date for the claimed work.



Services Tab

The Service tab provides a detailed breakdown of all work items or services being claimed by the subcontractor in a payment application.

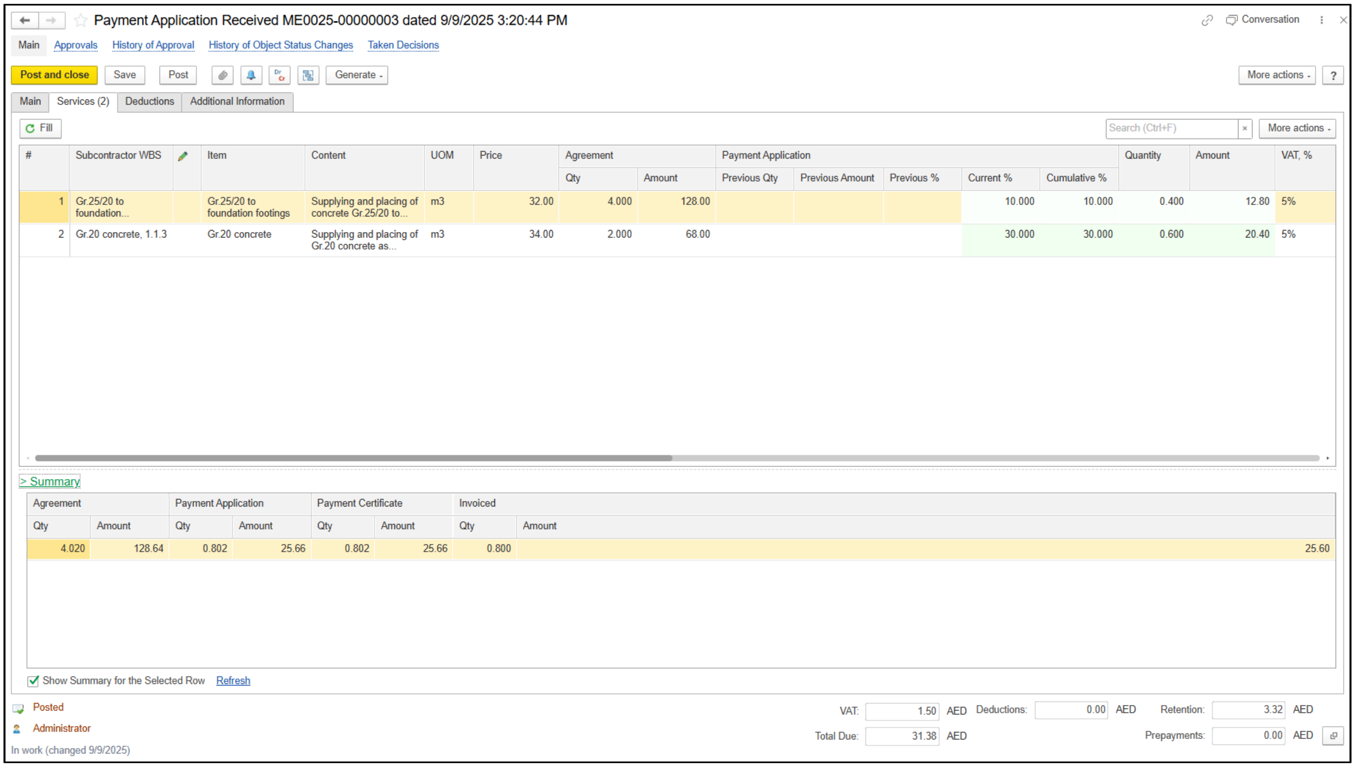
- **Subcontractor WBS** - Optional code to identify work as defined by the subcontractor.
- **Item** - BOQ line service item.
- **Content** - Description of this work or service performed.
- **UOM** - Unit of measure.
- **Price** - The agreed unit rate for this work item as defined in the Subcontract Agreement (SA).
- **Agreement** - This section shows the quantities and values that were originally agreed upon in the Subcontractor Agreement (SA)

    a. **Quantity** - The total number of units of work agreed in the SA for this item.
    b. **Amount** - Total value based on the linked Subcontractor Agreement.

- **Payment Application**

    a. **Previous Quantity** - Cumulative quantity of work approved in all prior payment applications.
    b. **Previous Amount** -Total value of previously approved quantities.
    c. **Previous %** - Percentage of progress achieved up to the last approved application.
    d. **Current %** - Progress percentage being claimed for the current application document.
    e. **Cumulative %** - Total progress achieved to date, including previous and current claims.

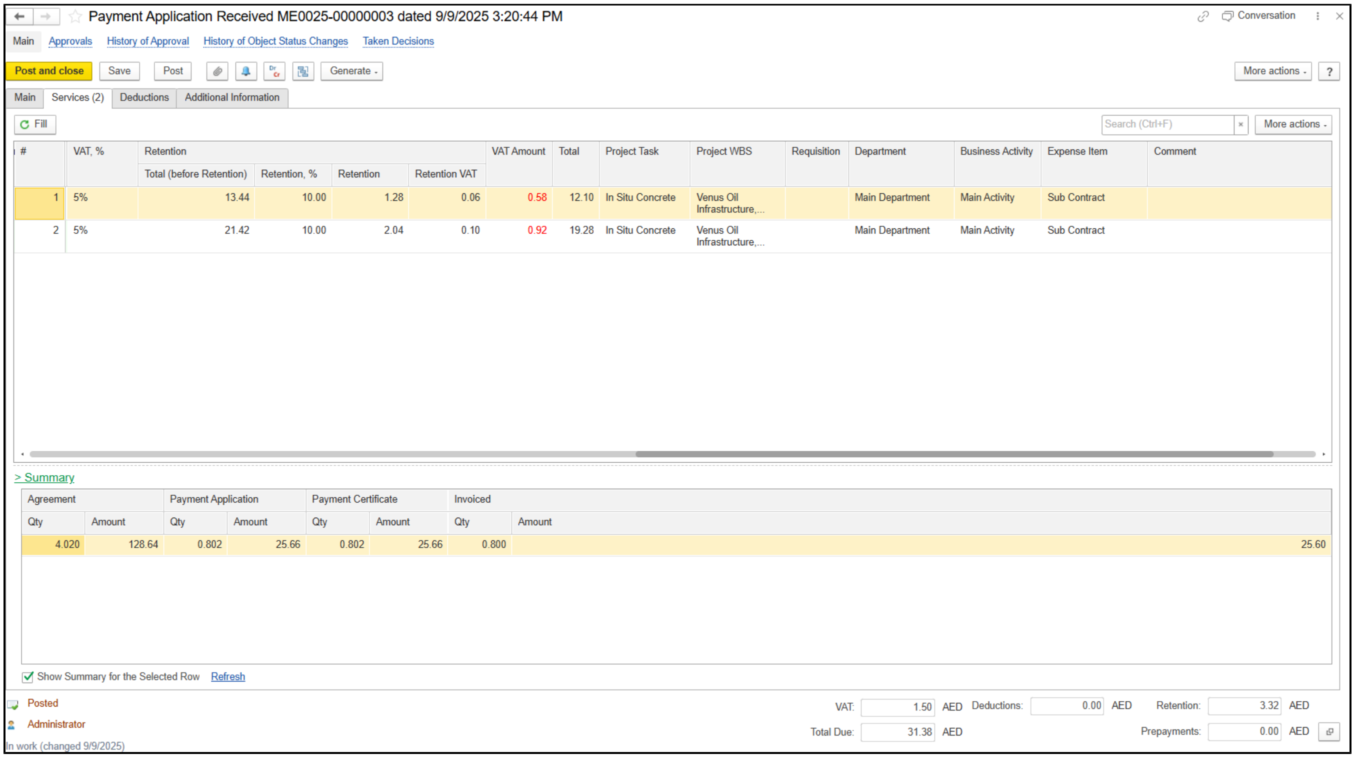
- **Quantity** - Units of work being billed
- **Amount** - Gross value of work before retention and VAT.
- **VAT %** - Percentage of VAT applied to the billed amount



- **Retention** - Portion of the payment withheld to ensure contractual and quality compliance

  a. **Total (before retention)** - The total billed value before retention is deducted.
  b. **Retention %** - Rate used to calculate the retained amount
  c. **Retention** - The monetary value withheld based on the retention percentage.
  d. **Retention VAT** - VAT amount applied to the retained portion.

- **VAT Amount** - Total VAT calculated (including VAT on retention where applicable).
- **Total** - Net payable amount after retention and VAT calculations.
- **Project Task** - Specific task the work relates to within the project.
- **Project WBS** - Work Breakdown Structure code to classify the tasks within the project hierarchy.
- **Requisition** - Original request or source of the work order.
- **Department** - Department responsible for or related to the deduction.
- **Business Activity** - Work category or operational classification.
- **Expense Item** - Cost or budget category used for expense tracking.
- **Comment** - Additional text or details can be added in the field.



Summary Tab

The **Summary** section shows consolidated totals for the currently selected service line and for the entire document.

- **Agreement** represents the **original contracted values** from the Subcontractor Agreement (SA).

    a. **Quantity** - The total quantity of work originally agreed with the subcontractor.
    b. **Amount** - The total contract value for that quantity based on the SA.

- **Payment Application** Shows what the subcontractor is **claiming** in the current payment application, plus previous approved claims (cumulative).

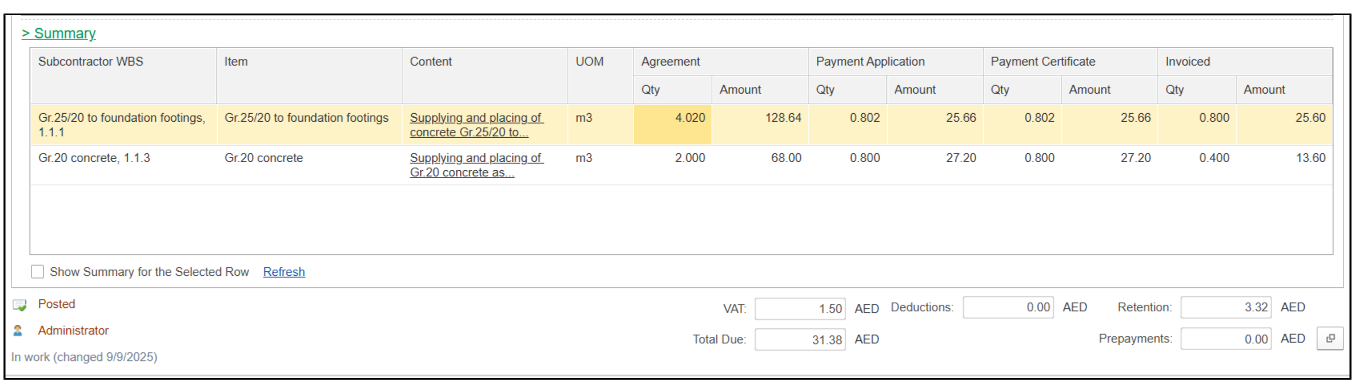
    a. **Quantity** - The total quantity of work claimed to date.
    b. **Amount** - The total monetary value claimed to date.

- **Payment Certificate** shows what has been reviewed, approved, and certified

    a. **Quantity** - The amount of work certified as actually completed.
    b. **Amount** - The certified value based on approved quantities.

- **Invoiced -** Represents the portion that has already been **invoiced (billed)** by the subcontractor based on certified work.

    a. **Quantity** - The amount of certified work already invoiced.
    b. **Amount** - The total value that has been billed to date.



If **"Show Summary for the Selected Row"** is enabled, the summary displays only the totals related to the specific subcontract service line currently selected. When disabled, the summary shows totals for the entire subcontract payment application document.

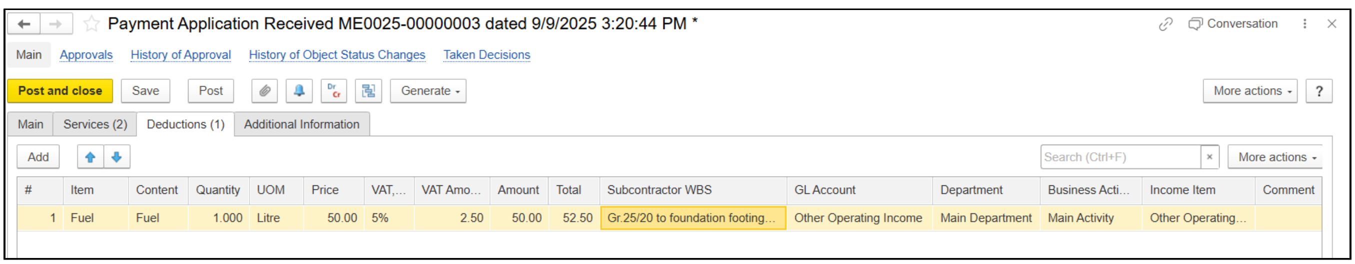
Deduction Tab

This tab is used to record **deductions applied to the subcontractor's claim**, such as penalties, material supply recoveries, advance recoveries, or other contractual adjustments

- **Item** - Name of the material, service, or deduction type.
- **Content** - Details or description of the deduction.
- **Quantity** - Quantity being deducted.
- **UOM (Unit of Measure)** - Measurement unit for the quantity.
- **Price** - Unit rate of the item.
- **VAT %** - Tax percentage applied to the item.
- **VAT Amount** - Tax amount calculated from VAT %.

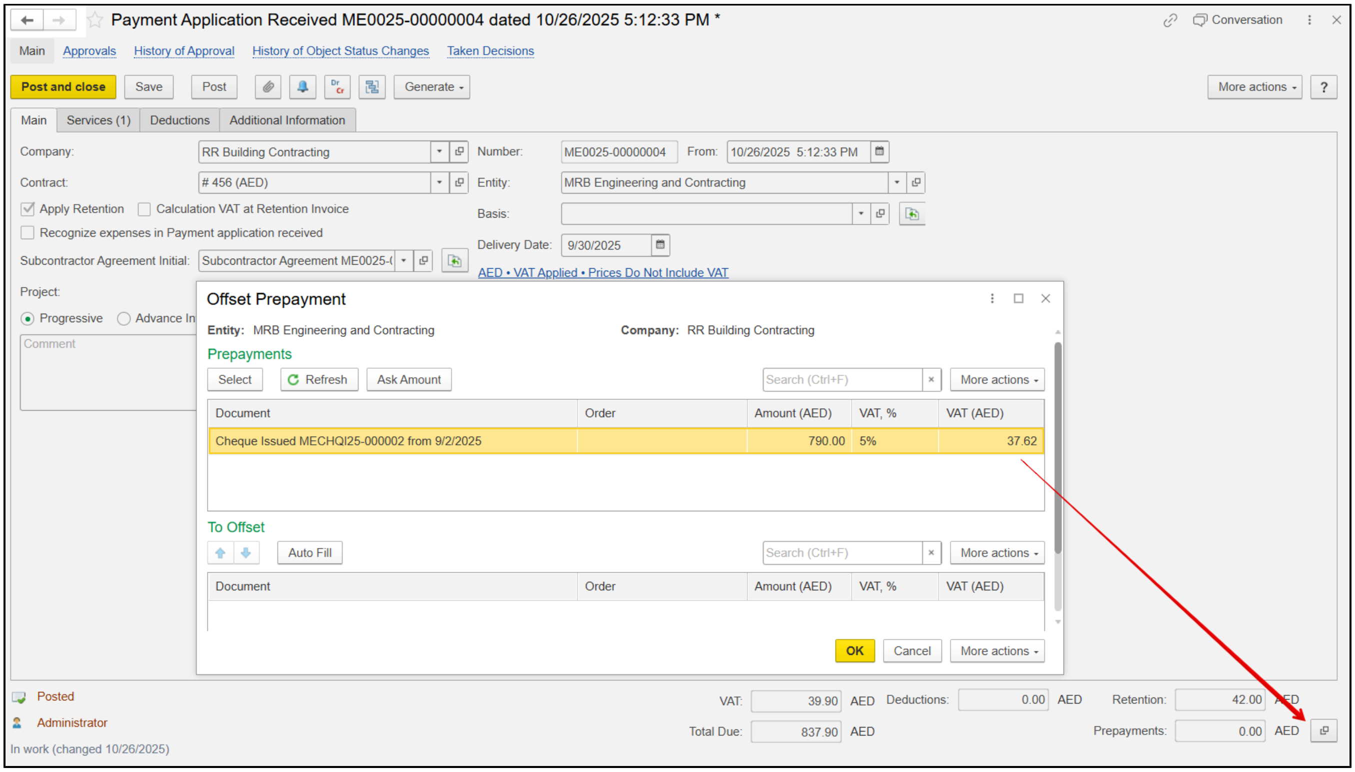
Note: *VAT % and VAT Amount in this tab are for **calculation purposes only*** and **will not be posted as output VAT**. *Proper VAT posting can be done by issuing the **Invoice** document for subcontractor's deduction-related transactions.*

- **Amount** - Total deduction amount before tax (Quantity × Price).
- **Total Amount** - Total deduction amount including VAT (Net + VAT).
- **Subcontractor WBS** - Optional code to identify work as defined by the subcontractor
- **GL Account** - Ledger account where the deduction is posted.
- **Department** - Department responsible for or related to the deduction.
- **Business Activity** - Type of business activity associated with the deduction
- **Income Item** - Income category or account linked to the deduction
- **Comment** - Free-text field for notes or explanations about the deduction



Advance Offset

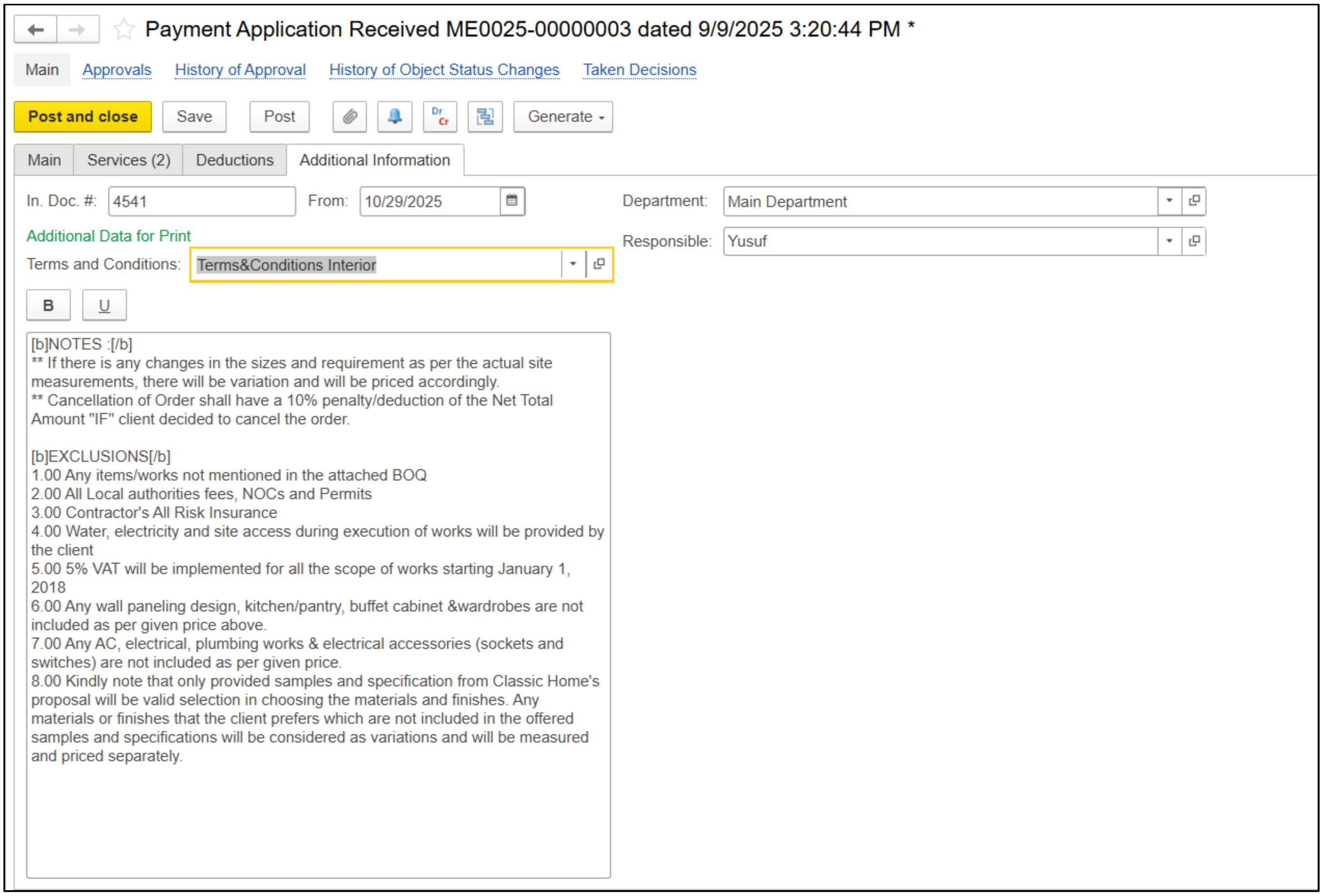
Only the advance payment is recorded as an **offset balance** and entered into the **prepayment field**, regardless of the payment method (bank transfer, cheque, etc.). This advance is linked to the current document so that any subsequent linked document automatically carries forward the prepayment. The **final accounting offset** occurs in the **Invoice** Received document.



Additional Information Tab

This tab is for adding extra details related to the project

- **In Doc. # and date**- Internal or reference document number linked to this payment application.
- **Department**- Department responsible for reviewing and approving the subcontractor's payment.
- **Responsible**- Person who prepared or approved the payment record.
- **Terms and Conditions Dropdown**- Stores predefined T&C templates for printing.


Payment Application Received ME0025-00000003 dated 9/9/2025 3:20:44 PM *
Main
Approvals
History of Approval
History of Object Status Changes
Taken Decisions
Post and close
Save
Post
Generate
Main
Services (2)
Deductions
Additional Information
In. Doc. #: 4541
From: 10/29/2025
Department: Main Department
Responsible: Yusuf
Additional Data for Print
Terms and Conditions: Terms&Conditions Interior
B
U
[b]NOTES :[/b]
** If there is any changes in the sizes and requirement as per the actual site measurements, there will be variation and will be priced accordingly.
** Cancellation of Order shall have a 10% penalty/deduction of the Net Total Amount "IF" client decided to cancel the order.
[b]EXCLUSIONS[/b]
1.00 Any items/works not mentioned in the attached BOQ
2.00 All Local authorities fees, NOCs and Permits
3.00 Contractor's All Risk Insurance
4.00 Water, electricity and site access during execution of works will be provided by the client
5.00 5% VAT will be implemented for all the scope of works starting January 1, 2018
6.00 Any wall paneling design, kitchen/pantry, buffet cabinet &wardrobes are not included as per given price above.
7.00 Any AC, electrical, plumbing works & electrical accessories (sockets and switches) are not included as per given price.
8.00 Kindly note that only provided samples and specification from Classic Home's proposal will be valid selection in choosing the materials and finishes. Any materials or finishes that the client prefers which are not included in the offered samples and specifications will be considered as variations and will be measured and priced separately.