



HM Revenue
& Customs

Construction Industry Scheme

CONSTRUCTION
INDUSTRY SCHEME
IR14/15(CIS)

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This booklet deals with the duties of both contractors and subcontractors under the Construction Industry Scheme. The terms 'contractor' and 'subcontractor' have special meanings here that are wider than normal. These meanings are explained in paragraphs 2.3 to 2.11. The statutory authorities for these arrangements are contained in

- Sections 559-567 Income and Corporation Taxes Act (ICTA) 1988
- The Income Tax (Sub-contractors in the Construction Industry) Regulations 1993 No. 743

Contractors and subcontractors should note that the Construction Industry Scheme does not apply to payments for work done outside the UK.

HM Revenue & Customs was created in April 2005, integrating the former Inland Revenue and HM Customs & Excise.

This booklet explains the arrangements for the taxation of certain payments made by contractors to subcontractors in the construction industry.

1 What is the Construction Industry Scheme (CIS)?

Briefly, how does the Scheme work?

1.1 Businesses in the construction industry are known as contractors and subcontractors. They may be companies, partnerships or self-employed individuals. Contractors pay subcontractors for construction operations. Subcontractors must hold either a Registration Card or Subcontractors Tax Certificate before they can get paid under the Scheme. To get a Registration Card or Subcontractors Tax Certificate you must first be registered with HM Revenue & Customs (HMRC). HMRC will issue Subcontractors Tax Certificates to subcontractors who meet certain qualifying conditions. Those who do not qualify will be issued with Registration Cards. Where a subcontractor holds a Registration Card, the contractor must make a deduction from all payments for labour of an amount on account of the subcontractor's tax and National Insurance contribution (NICs) liability. Where the subcontractor holds a Tax Certificate, the contractor will pay him or her gross, that is, with no amounts taken off.

Who is covered by the Scheme?

1.2 The Scheme only affects 'contractors' and 'subcontractors', but these terms go very much wider than the meanings they normally have. Contractors include not just construction companies and building firms, but also Government Departments and local authorities, and many businesses normally known in the industry as 'clients'. Non-construction businesses that spend less than £1 million a year on construction work and private householders are NOT contractors and are not covered by the Scheme. Subcontractors are those businesses that carry out building work for contractors. For more detailed explanations of these terms see Chapter 2.

Can a contractor also be a subcontractor?

1.3 Yes. Some businesses may act solely as contractors or as subcontractors, but many act as both. This means that they both pay businesses below them and are paid by businesses above them in a chain. So for some of their transactions they will have to follow the rules for contractors and for others the rules for subcontractors.

What types of work are covered by the Scheme?

1.4 The Scheme applies to construction work and also includes jobs such as alterations, repairs, decorating and demolition. For more information see paragraphs 2.17 to 2.20 and Chapter 7. **The Scheme does not apply to construction work carried on outside the United Kingdom.**

What about employees?

1.5 The Scheme applies to workers who for particular contracts are self-employed and are not employees subject to Pay As You Earn (PAYE). For a contract to fall within the Scheme, it must be one that is 'not one of employment'. Employment status depends on general law. It is for the contractor to decide this when engaging the subcontractor initially, although you may seek advice from HMRC or the Department for Work and Pensions (DWP). The fact that the subcontractor holds a card or certificate is irrelevant in deciding the issue - **it is the terms of the particular engagement that matter.**

How does a subcontractor get a Registration Card?

1.6 To obtain a Registration Card a subcontractor needs only to complete a form, supply a photograph and satisfy an identity check. The majority of subcontractors will need a Registration Card to obtain payment after deduction.

How does a subcontractor get a Subcontractors Tax Certificate?

1.7 To obtain a Subcontractor's Tax Certificate a subcontractor needs to apply to their own HMRC office and show that they meet certain qualifying conditions. These are explained in our leaflet IR40(CIS) 'Construction Industry. Conditions for getting a Subcontractors Tax Certificate'.

What are the different types of card and certificate?

1.8 There are two types of Registration Card.

- The permanent Registration Card **CIS4(P)** bears a National Insurance number and does not have an expiry date.
- The temporary Registration Card **CIS4(T)** does not bear a National Insurance number and has an expiry date.

There are three types of certificate.

- The Subcontractors Tax Certificate **CIS6** is issued to a qualifying individual in business on his or her own, a qualifying partner in a firm and directors and company secretaries of companies entitled to gross payment.
- The Construction Tax Certificate **CIS5** is issued only to companies that meet certain requirements (see leaflet IR40(CIS) for further details).
- The Construction Tax Certificate **CIS5(Partner)** is issued only to partnerships that meet certain requirements (see leaflet IR40(CIS) for further details).

When are vouchers used?

1.9 There are three types of vouchers used in the Scheme as follows.

- **Contractors** are issued with the required number of
 - Tax Payment Vouchers CIS25 for recording payments to CIS4 Registration Card holders
 - Construction Gross Payment Vouchers CIS23 for recording payments to CIS5 and CIS5(Partner) Construction Tax Certificate holders.

The contractor should prepare a voucher to cover payments to each subcontractor in that tax month. Completion of these vouchers by contractors is covered in Chapters 3 and 5.

- **Subcontractors** who hold CIS6 certificates are issued by HMRC with a supply of Subcontractor Gross Payment Vouchers CIS24. The subcontractor should complete one CIS24 voucher for each contractor that has paid them in that tax month, showing the total payments made by that contractor in that month. The subcontractor should give the top and third copies to the contractor as evidence of each month's payments. Alternatively, if the contractor so requests, a CIS24 voucher may be completed for each payment made. (See paragraphs 4.8 to 4.11.)

1.10 Contractors should operate the Scheme **on a tax month basis**. A month for tax purposes runs from the 6th of the month to the 5th of the following month, for example, 6 April to 5 May.

How do subcontractors pay tax?

1.11 All subcontractors have to make a return each year, to include profits from trade, in the same way as other self-employed people and companies. Their liability is based on the return. They may already have paid tax by payments on account or as shown on Tax Payment Vouchers CIS25. If the amount already paid or deducted is greater than the amount due, we will repay the excess. If there is a shortfall, then a balancing payment must be made.

Setting off company deductions

1.12 Companies that have deductions made from their income as subcontractors, from 6 April 2002, set off these deductions against the amounts payable monthly or quarterly for PAYE/NICs due from their employees and CIS deductions from their subcontractors. Companies simply reduce the amount of PAYE/NICs and any CIS deductions they pay over to the Accounts Office by the amount of CIS deductions made from their income.

If, for any month or quarter, the company's own CIS deductions are greater than the PAYE/NICs/CIS liabilities payable, the company should set off the excess against future payments **in the same tax year**. At the end of the tax year, once HMRC has received the company's P35 annual return, and its CIS36 return where the company is also a contractor, any excess CIS deductions that cannot be set off may be refunded or set against other liabilities due.

Companies must keep a record of the amounts set off so they can complete their end-of-year returns. Companies may keep their own records for this purpose or they may use form CIS132, which HMRC will issue each year.

Companies that have CIS deductions made from their income **before** 6 April 2002 set these against the Corporation Tax payable on their CTSA return.

2 How does the Scheme work?

General

2.1 Under the Scheme a **contractor** has to make a **deduction** in certain situations when making a **payment** to a **subcontractor** under a **contract** relating to **construction operations**.

2.2 The meanings of these terms are explained in the following paragraphs.

Contractor	2.3 to 2.7, 2.10 to 2.11
Subcontractor	2.8 to 2.11
Deduction	2.12 to 2.13
Payment	2.14 to 2.15
Contract	2.16
Construction operations	2.17 to 2.20 and Chapter 7.

What is a contractor?

2.3 The term 'contractor' has a wide meaning. It includes the following.

- Any person carrying on a business that includes construction operations (see paragraphs 2.17 to 2.20 and Chapter 7) and who pays others for work carried out within the Scheme.
- A property developer or speculative builder, erecting and altering buildings in order to make a profit.
- A gang-leader. A gang-leader will also be a subcontractor (see paragraph 2.11).
- A foreign business if it carries out construction operations in the United Kingdom or within United Kingdom territorial waters (up to the 12-mile limit).
- Any of the following that spends on average more than £1 million a year on construction operations.
 - A public office or Department of the Crown.
 - A local authority.
 - A development corporation.
 - The Commission for the New Towns.
 - The Housing Corporation, Housing for Wales, a housing trust, a housing society, Scottish Homes and the Northern Ireland Housing Executive.
 - Any public bodies named in the regulations, such as National Health Trusts.
 - Non-construction businesses.

How do those outside the mainstream construction industry know if they have to operate the Scheme?

2.4 The term 'contractor' covers some businesses and public bodies normally known in the industry as 'clients'. These include local authorities, Government Departments and some businesses whose trading activities do not include construction operations (see Appendices A and B and Chapter 7), but who may regularly carry out or commission construction work on their own premises or investment properties.

Such a concern is a contractor if its average annual expenditure on construction operations in the period of three years ending with its last accounting date exceeds £1 million. Non-construction businesses that have not been trading for the whole of the last three years are also contractors if their total expenditure on construction operations for the part of that period of three years during which they were trading exceeds £3 million. In this way, large manufacturing concerns, department stores, breweries, banks, oil companies, insurance companies and property investment companies may become contractors. Any business that becomes a contractor because one of the above conditions is met will continue to be one until it can satisfy HMRC that its expenditure on construction operations has been less than £1 million in each of three successive years. These businesses are known as 'Deemed Contractors' for CIS purposes.

Small payments

2.5 Local managers of decentralised premises covered by paragraph 2.4 may be authorised not to apply the Scheme to small contracts for construction operations amounting to less than £1,000 (excluding the cost of materials) that the local manager has commissioned. The contractor should apply to his or her own HMRC office to obtain authorisation. This arrangement does not apply to mainstream contractors.

2.6 The following are NOT contractors.

- Private householders having work done on their own premises (for example, redecoration, repairs or an extension).
- A business where the trading activities do not include construction operations and the average annual expenditure on construction work on its own premises in recent years has been less than £1 million a year.

2.7 Businesses that have any doubts as to whether they are contractors for the purpose of the Scheme should ask their HMRC office for guidance.

What is a subcontractor?

2.8 A subcontractor is any business that has agreed to carry out construction operations for another business or public body that is a contractor - whether by doing the operations itself, or by having them done by its own employees, or in any other way.

Subcontractors include concerns normally known as main contractors, where they are engaged by a client who is a contractor, for example, a local authority.

2.9 The term 'subcontractor' includes

- a company, any corporate body or public body, as well as any individual self-employed person(s) running a business or partnership
- a labour agency or staff bureau that contracts either to get work done with its own workforce, or to supply workers to a contractor
- a foreign business if the construction operations for which it is being paid take place in the United Kingdom or its territorial waters (up to the 12-mile limit)
- a local authority (and its Direct Service or Labour Organisation) or public body (or its subsidiaries) if they are engaged on construction operations for someone else (see below)
- a gang-leader who agrees with a contractor on the work to be done and in turn receives payment for the work of the gang.

Local authorities and public bodies are also subcontractors when carrying out construction operations. Although they will not be issued with certificates, they are to be regarded as certificated. The deduction scheme should not be applied and no deductions should be made from payments to them.

Examples of local authorities and public bodies that fall into this category are The Port of London Authority and the British Broadcasting Corporation. For details of the full list, please refer to our internal CIS manual. This may be viewed on the internet at **www.hmrc.gov.uk/manuals** under CIS1211 or at any local HMRC office or Enquiry Centre.

Agencies

Agency as subcontractor

2.10 Where a worker is **supplied** to a contractor by or through an agency and the worker carries out construction operations under the terms of a contract he or she has with the agency, the agency supplying the worker will be a subcontractor as far as the contractor is concerned. In all cases the contractor should apply the Scheme when making payment to the agency. If the agency does not hold a valid certificate, the contractor must ask to see the agency's Registration Card before making payment under deduction.

Where a worker is merely **introduced** to the contractor by an agency and carries out construction operations under the terms of a contract he or she has with the contractor, the Scheme does not apply to the agency.

Agency workers

Special rules applying to agency workers normally treat the worker as an employee for tax and National Insurance contribution (NICs) purposes. The person paying the worker should therefore normally deduct tax under PAYE and account for Class 1 NICs. **Very exceptionally**, the special rules for agency workers do not apply and any payments for construction work will fall within the Scheme. The agency will then be a contractor and will need to fulfil its obligations in that role.

Gangs

2.11 The contractor, having met the obligations under the Scheme for payment to the gang-leader (or gangmaster), need not be concerned with the transactions between the gang-leader and the other members of the gang. Any deductions from payments to the members of the gang become the responsibility of the gang-leader.

If the contractor makes a separate agreement with any other member of the gang, then that member will be a subcontractor or employee of the contractor. A contractor who pays each member of the gang separately must treat each as a separate subcontractor or employee and apply the deduction scheme or PAYE as appropriate in each case. If in doubt, the contractor should consult the HMRC office.

What is the deduction?

2.12 The term 'deduction' means the amount that a contractor has to withhold on account of tax and Class 4 NICs, where appropriate, from a payment made to a subcontractor.

2.13 The rate of the deduction may change from time to time, but we will publicise such a change when it occurs. You can obtain the current rate from any HMRC office or from our website at www.hmrc.gov.uk/cis/section3f.htm#2

What is a payment?

2.14 A payment is anything paid out by the contractor, for example, cash, cheque or credit. An advance, a 'sub' or a loan is a credit and therefore a payment. This applies whether or not the payment is made directly to the subcontractor. If the payment is made to someone other than the subcontractor, see paragraphs 8.6 and 8.7.

2.15 The deduction does not apply to the part of the payment that covers the cost of materials, Value Added Tax (VAT), or Construction Industry Training Board (CITB) levy, but it does apply to payments for subsistence or travelling expenses.

What is a contract?

2.16 A contract means any legally binding agreement or arrangement under which one person does work or provides services for another person. A contract includes an agreement made by word of mouth as well as a written document.

What are construction operations?

2.17 The term 'construction operations' is defined in law in S567 ICTA 1988, which is shown at Appendix A.

2.18 As a general guide, the term 'construction operations' covers almost anything that is done to a permanent or temporary building, structure, civil engineering work or installation including

- site preparation
- alteration
- dismantling
- construction
- repair
- demolition.

2.19 Anything done on a construction site in the United Kingdom or within its territorial waters (up to the 12-mile limit) in connection with construction work and under contract to the owner, client, main contractor or a subcontractor is likely to be a construction operation. The only exceptions are things that are clearly not construction work, such as the running of canteen, hostel, medical, safety, security or temporary office facilities.

2.20 Chapter 7 covers construction operations in detail and explains which types of construction work are within the Scheme and which are not. Where a single contract relates to a mixture of jobs, all payments due under the contract are within the Scheme, even if only one of the jobs is within the meaning of construction operations. If there is any doubt, the contractor or subcontractor concerned can get advice from the HMRC office.

3 How are payments made to a subcontractor holding a Registration Card CIS4?

Registration Cards

3.1 Even if someone holds a Registration Card it is **the contractor's responsibility to decide whether or not the person is employed or self-employed** (see paragraph 1.5). If he or she is employed, the PAYE system must be operated. The contractor should consult the HMRC office if there is any doubt.

Before making any payment under deduction, the contractor must see the subcontractor's Registration Card and ensure that it is genuine and the person producing it is the user of that card. The contractor should establish whether the card is a permanent or temporary one.

A permanent Registration Card CIS4(P) will have a National Insurance number and will not show an expiry date. Where the contractor has previously seen the subcontractor's permanent Registration Card and has no reason to doubt that the person who produced it remains the user of that card, he or she need not ask to see it again.

Where the card is a temporary Registration Card CIS4(T) it will have no National Insurance number and will show an expiry date. On first seeing the card the contractor must note the expiry date in his or her records and make no payment to the subcontractor after that date, unless the subcontractor has since obtained and can show another valid Registration Card or Subcontractors Tax Certificate.

Payment under deduction

3.2 A contractor must see and examine a Registration Card before paying under deduction when

- it is a first payment to a subcontractor whom he or she knows does not hold a valid certificate, or
- the contractor is not satisfied that the subcontractor is the authorised holder of a certificate as claimed.

A deduction under the Scheme should not be made where the person is an employee. Instead, PAYE must be applied in all circumstances to the payments (see paragraph 1.5).

Should the deduction be made from the whole payment?

3.3 Not necessarily. The following items should be **excluded** when entering the gross amount of payment on the voucher.

- Value Added Tax (VAT) charged by the subcontractor if the subcontractor is registered for VAT, see the examples at Appendix C.
- Any Construction Industry Training Board levy.

The following items should be **deducted** from the gross amount of payment when working out the amount of payment from which the deduction should be made.

- What the subcontractor actually paid for materials including VAT paid if the subcontractor is **not** registered for VAT, consumable stores, fuel (except fuel for travelling) and plant hire used in the construction operations.
- The cost of manufacture or prefabrication of materials used in the construction operations.

Any travelling expenses (including fuel costs) and subsistence paid to the subcontractor should be **included** in the gross amount of payment **and** the amount from which the deduction is made.

A table to help calculate the deduction is incorporated in the form CIS28, available from any HMRC office, and there are examples of how to calculate the deduction in Appendix C.

3.4 The subcontractor should supply the contractor with evidence of the actual cost to him or her of materials. Where this is not done, the contractor should make a fair estimate of the actual cost of materials. A contractor must always check, as far as possible, that the part of the payment for materials supplied is not overstated.

What about Tax Payment Vouchers?

3.5 A contractor must provide the subcontractor with a CIS25 voucher to show the deduction made within 14 days of the end of the tax month in which any payment is made.

New contractors are issued with an initial supply of CIS25 vouchers. When a contractor sends the top copies of used vouchers to HMRC (see paragraph 6.1) further vouchers will be sent to the contractor automatically.

Contractors needing a special one-off issue (for example, because a lot of new subcontractors are engaged), should contact their HMRC office, who will also be able to ensure more vouchers are sent routinely, if this is necessary.

To whom should the payment be made?

3.6 Normally to the subcontractor, but the subcontractor may authorise payment to be made to another person, such as a **debt factor**. However, the CIS25 must be made out in the name of the subcontractor and issued to him or her to receive credit for any deduction.

What should the contractor keep a note of?

3.7 On or before making the first payment the contractor must make a note of

- the name of the Registration Card holder
- the number of the card
- the date the card expires if it is temporary (and bear this date in mind when making subsequent payments)
- the National Insurance number if the card is permanent.

On making each payment the contractor must make a note of

- the gross amount of the payment excluding VAT
- the cost of any materials excluding VAT (if the subcontractor is registered for VAT), and
- the amount of the deduction.

Summary of procedures for making payment to a Registration Card holder

3.8 In all instances you should

- see the Registration Card and check its details
- refer to the CIS28 ('Instructions to contractors and tax deduction table')
- calculate and make the deduction from the payment to the subcontractor
- record details of payment, materials and deduction
- complete one CIS25 Tax Payment Voucher from the Registration Card details for all payments made in that tax month (taking care to exclude any amounts shown on an earlier CIS25), to show date of tax month, gross payment, amount liable to deduction and amount deducted
- submit the top part of the CIS25 voucher to us
- give the second part of the CIS25 voucher to the subcontractor, and
- retain the third part of the CIS25 voucher as part of your accounting records.

4 How are payments made to a subcontractor holding a Subcontractors Tax Certificate CIS6?

General

4.1 This chapter describes what should happen when payments are made to holders of CIS6 certificates. Payments to companies holding CIS5 certificates and partners holding CIS5(Partner) certificates are dealt with in Chapter 5.

WARNING

4.2 In all circumstances it is important that the checks below are made. If the contractor is not satisfied that a certificate is valid, a deduction from the payment must be made - see Chapter 3.

Failure to operate the rules correctly may cause a contractor to be liable for the deductions that should have been made and could result in the withdrawal of the contractor's own Tax Certificate (see paragraph 6.8).

4.3 Even if someone holds a Subcontractors Tax Certificate, it is the contractor's responsibility to decide whether or not the person is employed or self-employed (see paragraph 1.5). If he or she is employed, the PAYE system must be operated. The contractor should consult the HMRC office if there is any doubt.

What checks must the contractor make?

4.4 Before the first payment is made the contractor must inspect the certificate and make the following checks.

- **Is it genuine?**

Always see the original certificate - not a copy. Check that it looks genuine. For example, can you see the words 'Inland Revenue Construction Industry Scheme' printed holographically beneath the surface of the certificate when it is tilted away from you? **Always see the actual certificate - not a photocopy or a reproduction.**

- **Is it in date?**

Check that the 'Start date' date has passed and that the 'Expires end' date has not been reached.

- **Is this the certificate holder?**

Check that the photograph on the certificate is of the person presenting it. Ask for a specimen signature and check it matches the signature on the certificate. If there is still some doubt the contractor should ask for further proof of identity.

- **Do the vouchers match?**

When you receive a voucher, check that the name and National Insurance number match the details shown on the certificate.

Can the subcontractor be paid without deduction?

4.5 Only if the contractor is satisfied, as a result of these checks, can payment be made without deduction, however

- where it is requested that the payment is made to anyone other than the holder of a valid certificate, see paragraph 8.6
- the holder of a CIS6 certificate must use it only for payments to the business named on the certificate. If the holder has another business, payments without deduction can only be obtained with a separate certificate relating to that business.

The 'run-on' rule

4.6 Subsequent payments may be made gross to the subcontractor without further inspection of the certificate provided that

- the certificate has not expired
- there is no reason to doubt that the certificate is still valid, and
- there is no reason to doubt that the payments are being made to the subcontractor.

What should the contractor keep a note of?

4.7 Before making the first payment without deduction the contractor must make a note of

- the name and address of the subcontractor and, for a representative holder of a CIS6, the name of the partner or officer of the company presenting the certificate
- the number of the certificate
- the date the certificate expires (and bear this in mind when making subsequent payments).

On making a payment the contractor must make a note of

- the amount of the payment (gross, to include the cost of materials, subsistence and travelling expenses, but to exclude VAT).

What about vouchers? 4.8 A contractor must make every reasonable effort to obtain a fully completed CIS24 voucher from the subcontractor, either for each payment made to him or her, or for all payments made on a monthly basis. Contractors should send the vouchers to us on a monthly basis (see Chapter 6).

4.9 A subcontractor holding a CIS6 certificate must send the contractor the top and third copies of a CIS24 voucher within 14 days of the end of the tax month. The subcontractor should provide either

- one voucher totalling all the payments made to the subcontractor in that month or, if the contractor prefers,
- one voucher for each payment.

The tax month runs from the 6th day of one month to the 5th day of the following month. For instance, a payment made on 10 May falls in the tax month 6 May to 5 June. The voucher recording this payment should be sent to the contractor by 19 June.

4.10 Where a subcontractor claims to have posted a voucher, but it has not been received, the contractor should request a duplicate voucher. If the voucher is not provided, despite the contractor taking reasonable steps to obtain one, the contractor should report the matter to HMRC. Incorrect vouchers received from the subcontractor should be returned to him or her and fresh vouchers should be requested.

4.11 It is **very** important that contractors send the top copies of all CIS24 vouchers they receive in a tax month to HMRC in accordance with paragraph 6.1 otherwise replenishment vouchers will not be issued to the subcontractor at the right time.

Summary of procedure for contractors dealing with CIS6 holders

4.12

- Check that the Subcontractor's Tax Certificate CIS6 is valid.
- Record details of the certificate.
- If satisfied, make payment without deduction.
- Record details of the payment.
- Obtain the top and third copies of a fully completed CIS24 Subcontractor's Gross Payment Voucher (the subcontractor will keep the second copy for his or her own records).
- Insert your contractor reference on the voucher. This is the 13-digit number pre-printed alongside the 'Contractor tax reference' entry on any CIS25 or CIS23 vouchers sent to you. If you do not know your Contractor tax reference, contact the HMRC office dealing with your CIS affairs.
- Send the top copy of the voucher to us. Keep the other copy for your records.

5 How are payments made to a subcontractor holding a Construction Tax Certificate CIS5 or CIS5(Partner)?

General

5.1 There are two methods by which a subcontractor business holding a CIS5/CIS5(Partner) certificate may satisfy a contractor that it has a valid certificate.

5.2 The two methods are

- the 'certificate method' - the subcontractor produces the certificate for inspection by the contractor
- the 'certifying document method' - the subcontractor gives the contractor a special 'certifying document' certifying that they hold a CIS5/CIS5(Partner) certificate and giving details. The company secretary or a director should sign the certifying document where the subcontractor is a company and the partner to whom the certificate was issued should sign it where the subcontractor is a partnership.

WARNING

5.3 Whichever method is used it is important that the checks described below are made. If the contractor is not satisfied that the subcontractor holds a valid certificate a deduction from the payment must be made - see Chapter 3.

Failure to operate the rules correctly may cause a contractor to be liable for the deductions that should have been made and could result in the withdrawal of the contractor's own certificate (see paragraph 6.8).

The 'certificate method': what checks must the contractor make on a CIS5/CIS5(Partner) certificate?

5.4 Before the first payment is made the contractor must inspect the actual CIS5/CIS5(Partner) certificate and make the following checks.

- **Is it genuine?**
Check that the certificate looks genuine. For example, can you see the words 'Inland Revenue Construction Industry Scheme' printed holographically beneath the surface of the certificate when it is tilted away from you? **Always see the actual certificate - not a photocopy or a reproduction.**

- **Is it in date?**

Check that the 'Start date' date has passed and that the 'Expires end' date has not been reached.

- **Is this an authorised representative of the company or, for a CIS5(Partner) certificate, the partner to whom the certificate was issued?**

If there is any doubt, telephone the company or partnership to check that the person presenting the certificate is who they claim to be and that where the subcontractor is a company, the registered number shown on the certificate is the registered number of the company.

The 'certifying document method': what checks must a contractor make on a certifying document?

5.5 Under the 'certifying document method', the contractor does not inspect the certificate itself, so extra care should be taken to check that the certifying document is genuine and that there is no reason to doubt its accuracy. In order to do this the following checks must be made by the contractor.

- Check that the information on the certifying document agrees with that already shown on the contract.
- In particular, check the details of the name and address of the subcontractor company or partnership.
- It may be possible to check the signature on the document from earlier correspondence and the company registration number where the subcontractor is a company.
- Be sure there is no reason to doubt that the subcontractor holds a valid CIS5/CIS5(Partner) certificate.

5.6 If the contractor has any doubts about the document or the statements contained in it, he or she should telephone his or her HMRC office, who will contact the subcontractor's HMRC office. They will telephone back and either confirm the details on the certifying document or state that they cannot be confirmed. Because of the rules of confidentiality covering a taxpayer's affairs, the HMRC office cannot give any further information.

5.7 Where the HMRC office cannot give confirmation, the contractor must act as though the subcontractor does not hold a valid certificate (see Chapter 3), unless the subcontractor can satisfy the contractor by, for example, presenting the certificate itself for inspection (the 'certificate method').

5.8 The 'certifying document method' can only be used if **all** the following conditions are met in full.

- The subcontractor holds a CIS5/CIS5(Partner) certificate.
- The contractor obtains from the subcontractor a certifying document on the subcontractor's own headed paper (a photocopy is not acceptable, as altered originals can be photocopied to produce a convincing fake).
- The document confirms that the subcontractor holds a valid CIS5/CIS5(Partner) certificate and shows
 - the full name of the subcontractor company or partnership
 - the name of the subcontractor company or partnership (and trading name if relevant) as abbreviated to fit onto the CIS5/CIS5(Partner), if different from the above
 - the subcontractor's business address and company registration number where the subcontractor is a company
 - in the case of a company, the signature of the company secretary or a director or, in the case of a partnership, the partner to whom the certificate was issued
 - the number of the CIS5/CIS5(Partner) certificate
 - the validity period of the certificate
 - the bank address and account number of the bank account into which the payment is to be made.
- The contract, under which the payment is due, is written or has been confirmed in writing.
- The subcontractor has notified the HMRC office of details of a nominated bank account or accounts, which, in the case of a company, must be held in the name that it has registered with the Registrar of Companies.
- Payment is made to the subcontractor for his or her own work (and not as a nominee for someone else).
- Payment is made in one of the ways described in paragraph 5.13 and **not** in cash.
- Payment is made into the subcontractor's bank account.

5.9 If all the conditions in 5.8 are met, and

- the bank account nominated is operated by a debt factor for the subcontractor's legally assigned debts, and
- the bank account is designated 'name of factor, account name of subcontractor'

payment may be made without deductions although the debt factor has no certificate. A CIS23 voucher should be completed showing the subcontractor's name and reference taken from the CIS5/CIS5(Partner) certificate or certifying document.

Can the subcontractor be paid without deduction?

5.10 If the contractor is satisfied with the results of the checks carried out under either of these two methods, the subcontractor can be paid without deduction.

5.11 Contractors should be on their guard against abuse of CIS5/CIS5(Partner) certificates and certifying documents. When in doubt, the contractor should check that the person presenting the CIS5/CIS5(Partner) certificate or certifying document is an authorised representative of the business referred to, if necessary by phoning the subcontractor business concerned.

How should the subcontractor be paid?

5.12 Payment to a subcontractor presenting a CIS5/CIS5(Partner) certificate will normally be made by cheque. Should payment in cash be requested, the contractor should telephone the subcontractor business concerned to ensure that the certificate is valid, and that the person presenting it is an authorised representative of the subcontractor business named on the certificate.

5.13 Under the 'certifying document method', the contractor must pay the subcontractor in one of the following ways.

- By cheque. The cheque must be made payable to the subcontractor business concerned and crossed 'Account Payee'. Provided the cheque is crossed in this way, it is not necessary to enter the particulars of the subcontractor's nominated bank account on the cheque. Where a request is made for the cheque to be made payable to anyone else or for 'Account Payee' to be omitted, the contractor must refuse.
- By credit transfer to a bank account that has been nominated by the subcontractor.

A contractor should **never** make a payment in cash to a subcontractor using the 'certifying document' method.

The 'run-on' rule

5.14 Subsequent payments may be made gross to the subcontractor without further inspection of the certificate provided that

- the certificate has not expired
- there is no reason to doubt that the certificate is still valid, and
- there is no reason to doubt that the payments are being made to the subcontractor.

What should the contractor keep a note of?

5.15 Before making the first payment the contractor must make a note of

- the name and address of the subcontractor
- the number of the certificate (where a certifying document is presented, the document itself should be retained by the contractor)
- the date the certificate expires (and bear this in mind when making subsequent payments).

On making a payment the contractor must make a note of

- the amount of the payment (to include cost of materials, subsistence and travelling expenses, but to exclude VAT).

- What about vouchers?** 5.16 The contractor must complete and sign a CIS23 voucher to show
- the subcontractor's name and number of the CIS5/CIS5(Partner) certificate
 - the tax month and year in the format MM/YYYY (see definition of tax month in paragraph 4.9) in which the payments were made, and
 - the total of all payments (excluding VAT) made to the subcontractor in that month.

The contractor must submit the top copy of all such vouchers to HMRC within 14 days of the end of the tax month. The second copy must be retained for the contractor's accounting purposes.

Contractors are issued with an initial supply of CIS23 vouchers on request. When a contractor sends the top copies of used vouchers to HMRC (see paragraph 6.1) further vouchers will be sent to the contractor automatically.

Contractors needing more CIS23 vouchers, over and above the regular amount, should contact their HMRC office so that they can change their requirements if necessary for the next routine issue.

Summary of procedures for contractors dealing with holders of CIS5 or CIS5(Partner) certificates

- 5.17
- Check that the subcontractor's certificate is valid - or check the details on the certifying document.
 - Check that the person asking for the payment is an authorised representative of the company or is the partner whose signature is shown on the CIS5(Partner) certificate.
 - If satisfied, make the payment without deduction.
 - Record details of the payment and certificate (if a certifying document has been seen, retain it).
 - Complete a CIS23 voucher. Send the top copy to us and keep the second copy for your records.

6 What contact does a contractor have with HM Revenue & Customs?

What must a contractor send to us each month?

6.1 **You must send monthly** the top copy (marked Inland Revenue copy) of **all CIS23 and CIS25 vouchers** issued by you and **all CIS24 vouchers** received by you in the tax month to

Construction Industry Scheme Processing Centre
Freepost
LIVERPOOL
L69 9HL.

We will provide address labels with voucher stocks issued to contractors for this purpose.

CIS24 vouchers **received** from subcontractors in each tax month must be sent within 14 days of the end of that month. For example, vouchers **received** from CIS6 holders between 6 May and 5 June must be sent by 19 June. Most vouchers for payments made in the month to 5 May will be received around 12 May, so contractors will usually have around five weeks to submit them.

The vouchers can be returned in any suitable envelope by using the address labels provided or writing the Freepost address shown above. You do not need a stamp. **Please do not fold the vouchers.**

6.2 The amount deductible from payments to subcontractors must be paid to our Accounts Office monthly. Deductions due to be made in each tax month, **whether or not these deductions have actually been made**, must be paid over within 14 days of the end of that month (for example, deductions made between 6 May and 5 June must be paid by 19 June).

If the contractor also has PAYE employees, a single payment that includes both the subcontractors' deductions and the PAYE/NICs deducted may be made to our Accounts Office.

6.3 A contractor whose average monthly payments to the Accounts Office (including, where applicable, PAYE and NICs deductions from employees) total less than £1,500 may choose to forward the payments on a quarterly basis. The quarters end on 5 July, 5 October, 5 January and 5 April and payments are due within 14 days of the end of each quarter.

Even where payments are made on a quarterly basis, vouchers must be sent monthly to the Processing Centre (see paragraph 6.1 above).

Companies that have deductions made from their income as subcontractors, from 6 April 2002, set off these deductions against the amounts payable monthly or quarterly for PAYE/NICs due from their employees and CIS deductions from their subcontractors. Companies simply reduce the amount of PAYE/NICs and any CIS deductions they pay over to the Accounts Office by the amount of CIS deductions made from their income.

If, for any month or quarter, the company's own CIS deductions are greater than the PAYE/NICs/CIS liabilities payable, the company should set off the excess against future payments **in the same tax year**. At the end of the tax year, once HMRC has received the company's P35 annual return, and its CIS36 return where the company is also a contractor, any excess CIS deductions that cannot be set off may be refunded or set against other liabilities due.

Companies must keep a record of the amounts set off so they can complete their end-of-year returns. Companies may keep their own records for this purpose or they may use form CIS132 that HMRC will issue each year.

What must a contractor send to us each year?

6.4 By 19 May each year, a contractor must send to the HMRC office a return on form CIS36 of payments made to **all** subcontractors in the year to 5 April. The return should show

- **for subcontractors holding CIS6 or CIS5/CIS5(Partner) certificates**
 - the names of the subcontractors
 - their certificate numbers
 - the total payment to each (including any cost of materials, subsistence or travelling expenses)

- **for subcontractors holding CIS4(P) and CIS4(T) Registration Cards**
 - the names of the subcontractors
 - their Registration Card numbers
 - the total amounts of payments made under deduction to each subcontractor
 - the total amount, if any, included in those payments that the contractor is satisfied represents the direct cost of materials
 - the total amount deducted from the payments
- **total of gross payments to**
 - CIS5/CIS5(Partner) holders
 - CIS6 holders
 - CIS4(P) and CIS4(T) holders
- **other information**
 - grand total of above three amounts
 - total of cost of materials
 - total of deductions that should have been made.

Where a subcontractor has used both a Registration Card and a certificate to receive payments from you in one year, you should make two separate entries for that subcontractor in the CIS36.

Are contractors able to send vouchers and returns electronically?

6.6 Yes. Contractors may submit some voucher information using Electronic Data Interchange (EDI). This covers information on two of the three types of vouchers used within the Scheme.

- **Tax Payment Voucher (CIS25)** EDI contractors using uncertificated subcontractors are issued with a one-part Tax Payment Voucher CIS25(E). The contractor completes this at the same time as generating the electronic message for us, and gives the voucher to the subcontractor as evidence of each month's payments and deductions.
- **Construction Gross Payment Voucher (CIS23)** Where EDI contractors use subcontractors who hold CIS5/CIS5(Partner) certificates, there is no need to complete a paper voucher for the subcontractor. The contractor will be required to provide only the electronic message to us detailing the total of payments made to the holder of the CIS5/CIS5(Partner) certificate each month. Contractors should still keep details of the payments made to subcontractors in a retrievable form.

In addition to the electronic submission of these vouchers to us on a monthly basis, the contractor will be able to send his or her end of year return (CIS36) summary information electronically. This should include the totals of payments made during the year to holders of CIS6 certificates, provided the contractor has submitted electronic CIS25 and/or CIS23 vouchers during the year.

Contractors will first have to register their wish to submit their returns to us electronically. Once we are satisfied that the contractor will be able to provide details of payments made to subcontractors in an acceptable format, the necessary links will be put in place to enable the contractor to communicate through Electronic Data Interchange. Contractors wishing to file electronically should apply to

Question?
Question?

HM Revenue & Customs
Electronic Business Unit
Crown House
Victoria Street
Shipley
West Yorkshire
BD17 7TW

Tel: **0845 60 55 999**

Email: **helpdesk@ir-e-file.gov.uk**

Will HMRC inspect records?

6.7 Yes. From time to time, we will inspect the records of contractors in the same way as we inspect an employer's PAYE records. Where such records are created in paper form, we are content for them to be preserved by use of optical imaging systems, provided that what is retained is a complete and unaltered image of the underlying paper document. Records must be kept for at least three years after the end of the tax year to which they relate, and be made available on request. Contractors must

- provide viewing facilities
- provide full scale copies of the records if required.

What action will HMRC take if contractors do not operate the Scheme properly?

6.8 Serious irregularities in the operation of the Scheme can lead to the contractor's own certificate being cancelled and, in certain circumstances, prosecution.

6.9 Failure to inspect a Registration Card or Subcontractors Tax Certificate before making a payment or the failure to note correctly the details on to the relevant voucher may lead to penalty proceedings.

6.10 Delay or failure in submitting the return described in paragraph 6.4 may lead to penalty proceedings.

6.11 Continuing delays or failure in submitting the return described in paragraph 6.4, or any other breach of the regulations, may lead the HMRC office to refuse to renew a contractor's own certificate.

6.12 Deductions: Where things have gone wrong, a contractor may need to satisfy us that every reasonable care was taken to follow the rules of the Scheme and that either

- the failure to make all or some of the deduction was due to an innocent error, or
- in spite of reasonable care, the contractor did not believe that the payment came within the rules of the Scheme.

Where we refuse to waive payment, the contractor has the right of appeal against that decision to the Appeal Commissioners who are **independent** of HM Revenue & Customs. The Department of Constitutional Affairs has produced a leaflet 'Tax appeals. A guide to appealing against decisions of the Inland Revenue on tax and other matters', which is available from any HMRC office.

6.13 Where we cannot agree about whether or not a deduction should have been made, we may make an assessment of the amount we believe should have been deducted. There is a right of appeal to the Commissioners against such an assessment.

6.14 We will waive the contractor's liability where we are satisfied that the person to whom the contractor made such payments either

- was not chargeable to income tax or corporation tax for these payments, or
- has made a return of income or profits that includes the payments and has paid the income tax and Class 4 NICs or corporation tax for that income or those profits.

7 The scope of construction operations

7.1 The legislation covering the scope of the Scheme is at Section 567 Income and Corporation Taxes Act 1988, which is reproduced at Appendix A. You should note that 'construction operations' refers not only to particular works, but also to the work that people would need to do in order to carry out those operations. This means that 'a **contract relating to construction operations**' could include a contract that did not specifically provide for operations, but provided, instead, for the provision of labour to carry out those operations.

Contracts relating to construction operations

7.2 Many contracts in the construction industry are agreed by word of mouth, but this will not normally stop them from being legally binding on both parties and thus coming within the Scheme. Written contracts can vary in size and complexity. Regardless of the form of the contract, the common characteristic will be that there will be a payment by a contractor to a subcontractor and the contract will relate to construction operations.

Once you have identified that a contractor and a subcontractor are parties to the contract and have properly decided that the contract is not one of employment, you need to decide whether it is a contract that 'relates to construction operations'. 'Relates to' is very broad in its meaning. Any contract that has construction operations included in it, however small a part that may be, will fall within the Scheme. **If a contract includes some work that is inside the Scheme and some that is nothing to do with construction at all then all payments made under that contract will come within the Scheme.** These are often referred to as **mixed contracts**.

Some contracts will also 'relate to construction operations' because of the context in which the work is done. Construction operations can include work that contributes to the overall delivery of a project. This means that contracts for some types of work will sometimes be covered by the Scheme and sometimes will not. It is not possible simply to look at the types of work carried out by a business to decide whether the business is a contractor or subcontractor. **For example**, tree surgeons may have many contracts in a year for cutting down trees. In isolation, cutting down

trees is not a construction operation. However, where the trees are cut down as part of work to clear a site on which a housing estate will be built, then payments for the work will be within the Scheme.

Construction operations included within the Scheme

7.3 The rest of this Chapter gives guidance on the types of construction work that are within the Scheme (paragraphs 7.4 to 7.17) and those that are not (paragraphs 7.18 to 7.27) and should be read in conjunction with the table at Appendix B. The Chapter is not exhaustive - if you are unsure whether any work is within the scope of the legislation, you should contact your own HMRC office for advice.

Description	Legislation (See Appendix A)	Paragraph
Buildings & structures	S567 (2)(a)	7.4
- Construction	" "	7.5
- Alteration	" "	7.6
- Repair	" "	7.7
- Extension	" "	7.8
- Demolition	" "	7.9
- Dismantling	" "	7.10
Works forming part of the land	" (2)(b)	7.11
Installation of systems	" (2)(c)	7.12
Internal cleaning	" (2)(d)	7.13
Integral works	" (2)(e)	7.14
Preparatory works	" "	7.15
Finishing operations	" "	7.16
Painting & decorating	" (2)(f)	7.17

Buildings & structures

7.4 Most construction operations are carried out as work on buildings and structures, either of which can be permanent or temporary, and offshore installations.

The following are the six main areas of work.

- Construction
- Alteration
- Repair
- Extension
- Demolition
- Dismantling

Each of these is explained below in more detail.

Construction

7.5 'Construction' is a broad term usually understood as meaning 'to build', 'to make', 'to put together', or 'to assemble' and, in the context of temporary buildings, will include the assembly of prefabricated units and site facilities. Structures, such as oil rigs and modular elements of oil rigs, that are constructed onshore, but later towed to their final location at sea, are an example of how broadly the word 'construction' is interpreted by HMRC.

Alteration

7.6 'Alteration' will apply if the 'building or structure' has been made different in any way. This could be something major or it could be an adjustment or modification. It could be an alteration to the fabric of a building to accommodate equipment such as an item of plant or machinery, lifts, hoists or heavy-duty conveyors. It could also be an alteration to accommodate a building service system (see 'Installation of systems' at paragraph 7.12). It could even be an internal alteration such as the removal of asbestos or the installation of partitioning or shop fittings that allow the building to be used in a different way. HM Revenue & Customs 708 gives an explanation of the meaning of alterations for VAT purposes.

Repair

7.7 'Repair' in this context will include 'making good' and replacement. This would also include any repair of a building that was necessary following a repair to any systems in the building (see 'Installation of systems' at paragraph 7.12 below), even though a repair to the system itself is not a construction operation for the purposes of the Scheme.

Extension

7.8 'Extension' means adding to or enlarging an existing building or structure.

Demolition

7.9 'Demolition' is the pulling down of a structure or building.

Dismantling

7.10 'Dismantling' covers the taking to pieces of buildings or structures. Often buildings or structures will be dismantled (rather than demolished) where the materials are expected to be used again.

Sometimes part of a building may be destroyed or dismantled prior to a refurbishment or to its use being changed. Often this type of work will be an alteration to the building or structure as well. The legislation is broad enough to include any work that involves the taking apart of a building or structure, its total destruction or its rebuilding or alteration into something different. The resulting building or structure may be permanent or temporary.

Works forming part of the land

7.11 This section includes all other types of construction work that might not involve buildings or structures. These are called 'works forming, or to form, part of the land'.

Works forming part of the land may be minor works, such as a wooden fence with concrete posts, or major works such as work on an externally located plant like a gasometer.

Industrial plant such as petrochemical plant, silos, tanks or water treatment plant will form part of the land. Plant located in a building will not form part of the land and so will not fall within the Scheme under this section. Remember, though, in some circumstances the installation of plant may require that the building be altered to accommodate it and so the operation will still be a construction operation.

'Alteration', 'repair', 'extension', and 'demolition' of works forming part of the land are also construction operations.

Installation of systems

7.12 A 'system' is something that is made up of connected parts so as to perform a particular function.

This includes not only a whole system, but also any sub-systems that may perform a function in their own right. **For example**, if a water purifier is installed in an existing water supply system, that addition is viewed as 'installation of a system of water supply'. This is because the water purifier is a 'system' of some complexity in its own right and its purpose is to provide a purified water supply. The installation of a new boiler will always come within the Scheme, as it is the main part of the system of heating, as would the re-wiring of an electrical power supply.

Internal cleaning

7.13 Internal cleaning is treated as a construction operation if it is undertaken whilst the construction contract is in progress.

It does not include external cleaning or routine cleaning undertaken on existing commercial or industrial premises that are not undergoing any types of construction operations.

Integral works

7.14 Work is an 'integral' part of the construction operation if it could not be done without it. For example, the 'erection of scaffolding' might not be considered to be the 'construction of a structure' in its own right. However, it is nevertheless a construction operation because it would not be possible to carry out other works that are construction operations without it.

Preparatory works

7.15 Similarly, work that is 'preparatory to' construction operations, such as clearing a site or draining land in flood areas prior to building houses, would all be construction operations.

Finishing operations

7.16 Work that 'renders complete' or finishes off any of the construction operations under the previous sections will be construction operations. **For example**, in most modern commercial buildings much of the internal fixtures and fittings will be included in the design specifications and a building will not be considered 'complete' without them.

The important feature of this section is that the work done is not considered a 'construction operation' in its own right. It must be considered as part of the overall work that is being carried out as well as part of the contract as a whole. Often, the same work will not be a construction operation if carried out in isolation. **For example**, tree planting and landscaping in the course of forestry or estate management are not construction operations.

The only exception to this category is carpet fitting. An Inland Revenue Statement of Practice (SP12/81) provides that carpet fitting (but no other floor covering) is regarded as excluded from the Scheme even where it is included in the building specifications (see www.hmrc.gov.uk/practitioners/sop.pdf)

Painting & decorating

7.17 Painting and decorating is within the Scheme.

Non-construction operations

7.18 Some operations are specifically excluded from the Scheme and these are explained in the paragraphs listed below. However, where the contract includes both operations that **are** 'construction operations' and operations that **are not** 'construction operations', then **all** the payments, for **both** types of work, will fall within the Scheme.

Description	Legislation (See Appendix A)	Paragraph
Drilling	S567 (3)(a)	7.19
Extraction	" (3)(b)	7.20
Manufacture of building or engineering components & delivery	" (3)(c)	7.21
Manufacture of components for systems	" (3)(d)	7.22
Professional work	" (3)(e)	7.23
Artistic works	" (3)(f)	7.24
Sign-writing & signboards	" (3)(g)	7.25
Seating, blinds & shutters	" (3)(h)	7.26
Security systems	" (3)(j)	7.27

Drilling

7.19 Any work connected with actual, physical extraction of minerals or natural resources will not be a construction operation.

Extraction

7.20 Extraction includes

- drilling for, and pumping of, oil and gas
- digging for, and removal of, coal and other minerals from underground deposits, and
- associated surface workings, such as open cast mine quarrying.

In addition, where work such as tunnelling, boring and shoring up of tunnels is done in mines, or the installation of rail systems, conveyor systems and other systems connected with mineral extraction is carried out, the work will be outside the scope of the Scheme. This is in contrast, for example, to tunnelling done in connection with the construction of a main-line railway. That would be a construction operation because it is an integral part of the construction of a work forming part of the land.

Manufacture of building or engineering components & delivery

7.21 The manufacture and/or delivery to site of building or engineering components and equipment, materials and plant or machinery are not construction operations.

Manufacture of components for systems

7.22 The manufacture and/or delivery to site of components for systems are not construction operations. Examples of components for systems include components for systems of heating, lighting, air-conditioning, ventilation and so on.

Professional work

7.23 All work done by architects and surveyors as part of their normal professional discipline, whether on or off site, is excluded. The only exception is where a practitioner goes beyond his or her professional discipline to take on the role of developer or main contractor in addition to providing professional services. In this case, the exclusion no longer applies.

The work of other professionals is excluded only if they are acting purely as 'consultants'. Typically, work covered by that expression would include the production of designs, plans, technical assessments and reports relating to construction projects.

However any work that goes beyond a consultative or advisory role and becomes the supervision of labour or the co-ordination of construction work using that labour is not excluded from the Scheme.

Artistic works

7.24 All works that are **wholly** artistic are excluded from the Scheme. However, if works fulfil a normal functional purpose associated with a building, they are not excluded. **For example**, a stained glass window may have considerable artistic merit, but it is a window that lets in light and is a decorative version of a common feature of a building and would not be excluded.

Sign-writing & signboards

7.25 Work relating to signboards and advertising boards is excluded from the Scheme. The exclusion is very specific and does not extend to traffic signs or street furniture.

Seating, blinds & shutters

7.26 Seating installed in theatres, sports stadiums and other locations and fixed seating is excluded from the Scheme. This exclusion also covers louvred shutters, venetian and other similar internal blinds and curtain fittings. It does not extend to awnings.

Security systems

7.27 The installation of security systems that are dedicated to that purpose is excluded from the Scheme. Burglar alarms, closed circuit television and public address systems are specifically mentioned in the legislation.

This exclusion would extend to, for example, a computer controlled centralised locking system such as used in hotels with programmable key cards.

The installation must be a 'system' and not simply a building feature that incidentally fulfils a security purpose. Doors equipped with locks provide a measure of security, but they do not represent a 'system'. Similarly, fencing may deter intruders, but it is a traditional feature of buildings and their surrounds and not a security 'system' even if it has security features.

8 Miscellaneous

Security of documents 8.1 Certificates, vouchers and Registration Cards are important documents and should be kept safely. If documents are lost or stolen, report the facts to the police and HMRC immediately. Before any replacements can be authorised, HMRC will need to be satisfied that every effort was made to safeguard the originals and may ask for evidence that the loss was reported to the police.

Misuse of documents 8.2 It is an offence

- for an unauthorised person to use a card, certificate or voucher
- to give away or sell any card, certificate or voucher, or to allow another person to use them
- to make a false declaration to obtain a Registration Card or a Subcontractors Tax Certificate.

These offences may result in a penalty of up to £3,000.

Any fraudulent misuse of Registration Cards, certificates or vouchers may result in criminal conviction and even imprisonment.

Disputes about deductions 8.3 If a contractor and a subcontractor cannot agree about a deduction, either of them may ask HMRC for a ruling. If an agreement still cannot be reached, either the contractor or the subcontractor may ask HMRC to bring the matter before the independent Commissioners for a decision.

Where there is such a dispute and agreement cannot be reached quickly, the contractor must make the full deduction and pay it over to the Accounts Office. If the outcome means that some or all of the deduction was not necessary, HMRC will repay the excess to the subcontractor.

The same rules apply in a disagreement with HMRC.

Making corrections after a deduction from a certificate holder

8.4 A subcontractor may claim to have a valid certificate that will be presented at a later date. In this case, the contractor must say that he or she cannot pay without seeing a valid document and ask to see the subcontractor's Registration Card. He or she should make the deduction from any payments made until the certificate is produced.

It may be that the subcontractor does produce a valid certificate (or, in the case of a subcontractor holding a CIS5/CIS5(Partner) certificate, a certifying document) and asks for the deduction to be corrected.

In these circumstances a correction can be made and the contractor may pay over the deduction to the subcontractor if **all** of the following apply.

- The contractor has not already given the subcontractor a CIS25 voucher.
- The contractor is satisfied that the subcontractor is the authorised user of a CIS6 or CIS5/CIS5(Partner) certificate.
- The date of payment falls within the period of validity shown on the certificate or certifying document.
- The date of the correction and the date on which the deduction was made are within the same income tax month (the 6th of one month to the 5th of the next).
- Either
 - the subcontractor with a CIS6 certificate gives the contractor a CIS24 voucher certifying receipt of the gross payment, or
 - the contractor completes a CIS23 voucher for the holder of a CIS5/CIS5(Partner) certificate.

8.5 Where reimbursement by the contractor is not possible, a certificated subcontractor can claim early repayment from us. The CIS25 vouchers should be sent to the HMRC office. We will make certain checks, but we will make the repayment as soon as possible.

Payments to third parties

Registration Card holders

8.6 Where payment is made to a nominee of the subcontractor, a Tax Payment Voucher CIS25 must be made out in the name of the subcontractor and given to the subcontractor, so that he or she can claim credit for the deduction.

Certificate holders

CIS6 holders

Where the contractor is asked to make gross payment to a nominee of the subcontractor (for example a gang member, workmate or relation) the request must be refused unless both the subcontractor and the nominee hold valid certificates. Any deduction should be recorded under the subcontractor reference on a CIS25 voucher that should be given to the subcontractor.

Where a CIS6 holder uses a debt factor, the payment must be made under deduction because it is made to a nominee who does not hold a certificate. Factors cannot hold certificates, as they are not subcontractors in the construction industry. The contractor should make out a CIS25 voucher in the name of the subcontractor, who can claim early repayment.

Where the payment is made to someone other than a nominee, for example, it is paid directly into the subcontractor's bank account, it must be dealt with as if the payment had been made to the subcontractor. The contractor should request a CIS24 voucher from the subcontractor.

CIS5/CIS5(Partner) holders

By concession, where a holder of a CIS5 or CIS5(Partner) certificate uses the certifying document method, payment may be made gross to a debt factor. The procedures for checking the certifying document and making payment gross should be followed as described in Chapter 5 (see particularly paragraphs 5.8 and 5.9). The contractor should make out a CIS23 voucher in the name of the subcontractor.

Cheque made out to subcontractor, but sent to another address

If the contractor has any doubts about sending payments to an address that is not the subcontractor's own address he or she should contact the local HMRC office for advice.

Personal representatives, liquidators and receivers

8.7 There are exceptions to the rules described in paragraph 8.6. Payments without deduction can be made to

- personal representatives of a subcontractor who has died
- a liquidator
- a receiver
- an administrator appointed under the 1986 Insolvency Act.

These payments can be made whether or not the subcontractor held a certificate, so long as the contract of work was not made with the liquidator, receiver or administrator. The contractor is advised to obtain receipts for such payments.

Death of a contractor

8.8 If a contractor dies, the responsibility for the running of the Scheme falls to the personal representative(s). This includes paying over deductions, sending in vouchers and making returns (see Chapter 6).

Take-over of a business

8.9 If a business previously run by an individual is taken over by a partnership or company, the old CIS6 certificate cannot be used for the new business. The new business must hold a valid certificate before it can be paid without deductions being made. Similarly, if an individual takes over as sole proprietor of a business having previously been a partner or director, he or she must apply for a CIS6 certificate, as any other certificate held as a partner or director will no longer be valid. An application for a new certificate will be needed. See leaflet IR40(CIS) 'Construction Industry Scheme. Conditions for getting a Subcontractors Tax Certificate' for details of how a certificate may be given on a change of business.

A contractor must not accept a CIS6 for the old business to cover payments to the new business.

Change of control of a close company

8.10 A close company is basically one under the control of five or fewer persons. Where a close company holds a certificate and there is a change of control - through a transfer or issue of shares in the company - the company must, within 30 days, notify the HMRC office of the name(s) and address(es) of the new shareholder(s). Companies that fail to make this notification may have their certificates withdrawn.

Change of address

8.11 A subcontractor should notify HMRC of any change to the business, registered office or private address.

'Contras' and 'set-offs'

8.12 There are some special terms in the construction industry. Two of these terms are

- 'contra' - this is a charge for goods or services supplied by the contractor to the subcontractor (for example, on a contract worth £200, a contractor gives the subcontractor some surplus materials and restricts payment by £50), and
- 'set-off' - this is money not paid to a subcontractor by a contractor who believes there has been a breach of contract (for example £400 of a £2,000 contract is withheld because the work is below standard).

Under the Scheme rules a 'contra' does not reduce the 'payment' from which the deduction may have to be made and is a 'payment' by the contractor to the subcontractor. In the example given, the deduction should be calculated on the full contract value of £200. Similarly the voucher for a gross payment to a certificate holder should reflect the full contract value of £200.

However, the 'set-off' reduces the 'payment' from which the deduction may have to be made and so is not a 'payment' by the contractor to the subcontractor. In the example shown the deduction should be made from £1,600. Similarly the voucher for a gross payment to a certificate holder should reflect the contract value of £1,600.

Retention payments

8.13 Some contracts allow the contractor to retain a percentage of the contract price for a period after the construction work has been completed. This is done so that if deficiencies in the work become apparent during the 'retention period', the final payment can be withheld until the subcontractor has made good the faults.

There are no special rules for retention payments and they are treated the same way as any other payments. Whether the retention payment is made gross or under deduction depends on the subcontractor's status at the date of payment and not when the work was actually done.

If the contractor has already seen the subcontractor's permanent Registration Card CIS4(P), then the retention payment may be made under deduction. Where the subcontractor previously held a certificate, or a temporary Registration Card CIS4(T), that has expired during the retention period, the contractor must request sight of a current certificate or Registration Card before making payment.

Non-UK businesses

8.14 Deductions that have been made from payments to a subcontractor who claims to be not resident in the UK may be eligible for repayment. The subcontractor will have nominated which HMRC office should issue repayments when applying for his or her Registration Card. Company subcontractors who applied for their Registration Cards at the Centre for Non-residents should apply to that office instead. The application for repayment should be sent with the CIS25 vouchers, showing the deductions that were made and a statement that says why the subcontractor thinks that repayment is due. Our leaflet IR180(CIS) 'Construction Industry Scheme. A guide for non-residents' gives more information on how the Scheme applies to non-resident subcontractors.

Before making a repayment the HMRC office will need to be satisfied that no UK tax liability will arise on the profits made in the UK and that any PAYE/NICs and/or Section 559 deductions due from the subcontractor as an employer or contractor have been met.

'Spoilt' vouchers

8.15 To help us issue contractors and subcontractors with more vouchers without you having to ask for them, we need to know how many vouchers have been used **or spoilt**. If you are a contractor, therefore, it is very important that you send the top copies of all completed vouchers to us as soon as possible, as described at paragraph 6.1.

Likewise, if you 'spoil' any of your vouchers, **whether you are a subcontractor or a contractor**, you **must** tell us on the form CIS52 that we include with each pack of vouchers that we send you. It does not matter whether you have completed them incorrectly or they have become damaged. We need to know about these so we can take them into account when working out how many vouchers you have used and how many you now need. The form CIS52 should be sent to the same address to which correctly completed vouchers are sent (as described at paragraph 6.1) and should include all voucher parts.

Unofficial forms

8.16 No substitute forms may be used. There is a list of forms used in the Scheme at Appendix D.

Further information

8.17 When our offices are closed, you can get general advice on the Construction Industry Scheme by calling our

- Contractors Helpline, on **0845 733 55 88**, open Monday to Friday 8.30am to 5pm, or
- Subcontractors Helpline, on **0845 300 05 81**, open 7 days a week 8.00am to 8.00pm.

For advice on Self Assessment you can call our

- Self Assessment Helpline, on **0845 9000 444**, open 8am to 8pm seven days a week.

To register as a contractor and so that we may send you the necessary vouchers and Contractors' Pack, please ring our

- New Employers' Helpline on **0845 60 70 143**, open Monday to Friday 8.00am to 8.00pm and weekends 8.00am to 5.00pm.

Our Helplines and Orderlines are unable to issue vouchers used in operating the Construction Industry Scheme. If you need more vouchers, please contact your own HMRC office.

Appendix A

Extract from Income and Corporation Taxes Act 1988

Section 567

1. In this Chapter 'construction operations' means operations of any description specified in subsection (2) below, not being operations of any description specified in subsection (3) below; and references to construction operations shall be taken

- (a) except where the context otherwise requires, as including references to the work of individuals participating in the carrying out of such operations; and
- (b) except in the case of offshore installations, as not including references to operations carried out or to be carried out otherwise than in the United Kingdom.

2. The following operations are, subject to subsection (3) below, construction operations for the purposes of this Chapter -

- (a) construction, alteration, repair, extension, demolition or dismantling of buildings or structures (whether permanent or not), including offshore installations;
- (b) construction, alteration, repair, extension or demolition of any works forming, or to form, part of the land, including (without prejudice to the foregoing) walls, roadworks, power-lines, telecommunication apparatus, aircraft runways, docks and harbours, railways, inland waterways, pipe-lines, reservoirs, water mains, wells, sewers, industrial plant and installations for purposes of land drainage, coast protection or defence;
- (c) installation in any building or structure of systems of heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection;
- (d) internal cleaning of buildings and structures, so far as carried out in the course of their construction, alteration, repair, extension or restoration;

- (e) operations which form an integral part of, or are preparatory to, or are for rendering complete such operations as are previously described in this subsection, including site clearance, earth-moving, excavation, tunnelling and boring, laying of foundations, erection of scaffolding, site restoration, landscaping and the provision of roadways and other access work;
- (f) painting or decorating the internal or external surfaces of any building or structure.

3. The following operations are not construction operations for the purposes of this Chapter -

- (a) drilling for, or extraction of, oil or natural gas;
- (b) extraction (whether by underground or surface working) of minerals; tunnelling or boring, or construction of underground works, for this purpose;
- (c) manufacture of building or engineering components or equipment, materials, plant or machinery, or delivery of any of these things to site;
- (d) manufacture of components for systems of heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection, or delivery of any of these things to site;
- (e) the professional work of architects or surveyors, or of consultants in building, engineering, interior or exterior decoration or the laying-out of landscape;
- (f) the making, installation and repair of artistic works, being sculptures, murals and other works which are wholly artistic in nature;
- (g) sign-writing and erecting, installing and repairing signboards and advertisements;
- (h) the installation of seating, blinds and shutters;
- (j) the installation of security systems, including burglar alarms, closed circuit television and public address systems.

4. In this section 'offshore installations' means installations which are maintained, or are intended to be established, for underwater exploitation or exploration to which the Mineral Workings (Offshore Installations) Act 1971 applies.

5. The Treasury may by order -

- (a) include in subsection (2) above any description of operations as to which they are satisfied that it is a normal activity of the construction industry and that its inclusion in that subsection is necessary for achieving the object of Section 559;
- (b) include in subsection (3) above any description of operations as to which they are satisfied that it cannot properly be considered a normal activity of the construction industry and ought to be excluded from subsection (2) above.

6. An order under subsection (5) above shall not have effect unless a draft of the instrument containing it has been laid before and approved by a resolution of the House of Commons.

Appendix B

The scope of construction operations – list of included and excluded operations

Remember that private householders are not contractors for the purposes of the Scheme, but if you do any of the work listed below for a contractor who is doing the work for a private householder he will have to operate the Scheme on payments made to you.

The list gives some guidance on which types of construction work are within the Scheme and which are not. **If a contract includes some work which is within and some outside the Scheme then all payments made under that contract will be caught by the Scheme.** The list is not exhaustive – if you are unsure whether work is within the scope of the legislation, contact your HMRC office.

Operations Included

Planning

- None

Site Preparation

- Demolition of, for example, buildings, structures, tree-felling.
- Preparation of site and site-clearance, earth-moving on site, excavation, tunnelling and boring.

Construction

- Preparation and laying of foundations and piling.

Operations Excluded

- Professional work (including the ancillary work of engineers, draughtsmen, scientists and technicians) of architects surveyors or consultants in building, engineering, decoration (interior or exterior) or landscaping.
- Delivery of materials.
- Transport of spoil from site.
- Manufacture or off-site fabrication of components or equipment, materials, plant or machinery and delivery of these to the site. For example
 - traditional building materials
 - prefabricated beams and panels
 - ready-mixed concrete.

Operations Included

Construction (continued)

- Actual construction, alteration or repair of a permanent or temporary building or civil, chemical or other industrial engineering work or industrial plant or structure.
For example
 - storage tanks
 - silos
 - pylons
 - cranes or derricks
 - pumps.
- Construction of site facilities.
- Installation of power lines, pipelines, gas mains, sewers, drainage, cable television and telecommunications distribution systems.
- Installation of closed circuit television for purposes other than security (such as traffic management).
- Installation of public services.
- Construction, repair and resurfacing of roads and bridges including white-lining.
- Provision of temporary and permanent roadways and other access works such as drives.
- Erection or dismantling of scaffolding falsework and formwork.
- Plant hire with operator for use on site.

Operations Excluded

- Manufacture and delivery of pre-fabricated site facilities.
- Running of site facilities such as canteens, hostels, offices, toilets and medical centres.
- Installation or replacement of telecommunication or computer wiring through pre-existing ducting in buildings.
- Delivery of road-making materials.
- Hire of scaffolding equipment (without labour).
- Delivery, repair or maintenance of construction plant or hire equipment without an operator. For example, concrete mixers, pumps and skips.

Operations Included

Construction (continued)

- Installation of systems of fire protection designed specifically to protect the fabric of the building (such as sprinkler systems, fireproof cladding) rather than a fire warning (alarm) system.
- Installation of pre-fabricated components or equipment under 'supply and fix' arrangements.
- Transport of materials on site.
- Internal cleaning of buildings and structures carried out in the course of, or on completion of, their construction, alteration, extension, repair or restoration.
- Work done on installations (such as rigs, pipelines, construction platforms) maintained or intended to be established for under-water exploration for, or exploitation of, minerals where the work is on land or in the UK territorial waters (up to the 12 mile limit).
- Installation of systems of heating, lighting, air conditioning, ventilation, power supply and distribution, drainage, sanitation, water supply and distribution, and fire protection works.
- Installation of lifts, plant, or machinery needed by the specification of a building under construction or alteration.
- Installation and repair of industrial plant.

Operations Excluded

- Installation of fire alarms, security systems including burglar alarms, closed-circuit television as part of a security system and public address systems.
- Transport of materials from site to site on the public highway.
- Assembly of temporary stages and exhibition stands including lighting.
- External cleaning (other than painting or decorating) of buildings and structures.
- Drilling for, or extraction of, oil or natural gas.
- Extraction of minerals, boring or construction of underground works for this purpose.
- Manufacture, delivery, repair or maintenance of these items.
- Servicing, repair or maintenance of these items.

Operations Included***Construction (continued)***

- Site restoration and landscaping.
- Installation, structural repair and painting of lamp standards, traffic lights, parking meters and street furniture.
- Construction of concrete and marble floors.
- Fitting of eye bolts whether internal or external.
- Installation of and repair to
 - glazing
 - doors and rolling grills or security shutters
 - kitchens and bathrooms
 - shop-fittings including fixed furniture (except seating)
- Painting and decorating the internal or external surfaces of any building or structure.

Operations Excluded

- Tree planting and felling in the ordinary course of forestry or estate management.
- Manufacture and delivery of lamp standards. Routine maintenance such as cleaning and general replacement.
- Manufacture off-site and delivery of flooring materials.
- Manufacture and delivery of
 - glazing materials
 - computer and instrumentation systems
 - thermal insulation materials
 - heating and ventilation systems
 - doors and rolling grills
 - painting or decorating materials.
- Manufacture, delivery and installation of seating, blinds and louvred shutters.
- Manufacture, installation and repair of artistic works (for example, sculptures and murals) which are wholly decorative in nature (not functional items caught by the Scheme which incidentally have artistic merit).
- Manufacture and installation of solar, blackout or anti-shatter film.
- Sign-writing and erecting, installation and repair of signboards and advertisements.

Operations Included***Finishing Operations***

- Fitting of
 - floor coverings, such as vinyl, linoleum (but not carpet) and laminated wooden flooring
 - new locks
 - pigeon mesh
 - TV aerials and satellite receivers.
- Installation of refrigeration units

but only where these operations render complete a building or structure that has been constructed or altered.

Operations Excluded

Appendix C

Examples of the deduction from Registration Card holders

The following are examples of how the deduction is calculated where the subcontractor has no certificate. The rate used in the examples that follow is 18%, which is the rate in operation at the time of publication of this booklet.

Example 1

Where no materials are supplied ('labour-only').

An uncertificated labour-only subcontractor does work on site for £200.

	£
Gross payment	200
18% deduction	<u>-36</u>
Net payment to subcontractor	164

The contractor calculates the deduction (£36) that has to be paid to our Accounts Office. The labour-only subcontractor receives the balance of £164.

Example 2

The following is an example of a calculation where materials as well as labour are supplied ('supply and fix').

Where the subcontractor is not registered for VAT, any VAT he or she had to pay on materials should be included in the cost of materials when calculating the CIS deduction.

An uncertificated tiling subcontractor, who is not VAT-registered, agrees to tile a wall and to supply the necessary materials for £535. The materials cost the subcontractor a total of £235 (£200 + £35 for VAT).

	£
Gross payment	535
Less materials	<u>235</u>
	300
18% deduction	-54
Payment excluding materials and deduction	246
Add back cost of materials	<u>235</u>
Net payment to subcontractor	481

The contractor deducts the cost of materials from the price for the whole job and calculates the deduction on the difference of £300. The contractor has to pay £54 to our Accounts Office and pays £481 (£535-£54) to the tiler.

Example 3

VAT should be excluded when calculating the amount to be deducted from payments where the subcontractor is registered for VAT. The following is an example of a calculation.

For the total cost of £600 an uncertificated subcontractor, who is a taxable person for VAT purposes, agrees to paint the interior of a building and to supply the materials. The painter pays £235 for the materials, which includes VAT of £35. VAT at a rate of 17.5% is charged on the completion invoice, that shows

	£
Labour charge	400
Materials	200
Gross payment	600
Add VAT	<u>105</u>
Amount due	705

Calculation of deduction (to be shown on CIS25)

Payment exclusive of VAT	600
Less cost of materials exclusive of VAT	-200
Amount subject to deduction	400
Deduction at 18%	<u>72</u>
Net payment to subcontractor	633

The painter is paid £633 (£705-£72).

Appendix D

Documents used in the Scheme

CIS1	Initial voucher supply letter to contractor
CIS2(Individual)	Application form for a Tax Certificate: sole trader
CIS3(Company)	Application form for a Registration Card or Tax Certificate: company
CIS3(Partner)	Application form for a Registration Card or Tax Certificate: partnership
CIS4(P)	Permanent Registration Card for individuals, partners and directors/company secretaries
CIS4(T)	Temporary Registration Card for individuals, partners and directors/company secretaries
CIS5	Construction Tax Certificate: issued to certain qualifying companies
CIS5(Partner)	Construction Tax Certificate: issued to certain qualifying partnerships
CIS6	Subcontractors Tax Certificate for individuals, partners and directors/company secretaries
CIS8(Director)	Application form for Registration Card or Tax Certificate: director or company secretary
CIS9(Partner)	Application form for Registration Card or Tax Certificate: partners
CIS13	Notification to agent of certificate authorisation
CIS14	Invitation to supply details of nominated bank account for use of certifying documents (companies) CIS14(P) Invitation to supply details of nominated bank account for use of certifying documents (partnerships)
CIS15	Tax Office acknowledgement of nominated bank account details
CIS17	Request for director's details
CIS19	Notification to subcontractor of certificate authorisation
CIS20	Draft authority signed by director/shareholder
CIS23	Voucher supplied to contractors for use with subcontractors holding CIS5 and CIS5(Partner) certificates
CIS24	Subcontractor's voucher for holders of CIS6 certificates

CIS25	Tax Payment Voucher supplied to contractors for issue to holders of CIS4(P) and CIS4(T) Registration Cards
CIS27(a)	Application form for amendment to details/photo on CIS4 Registration Card or CIS6 Tax Certificate
CIS27(b)	Application form for amendment to details on CIS5 or CIS5(Partner) Certificate
CIS28	Instructions to contractors and tax deduction table
CIS29	Notes for contractors
CIS36	End of year return
CIS36(CS)(RC)	CIS36 Continuation Sheet for payments to CIS4 holders
CIS36(CS)(STC)	CIS36 Continuation Sheet for payments to CIS6 holders
CIS36(CS)(CTC)	CIS36 Continuation Sheet for payments to CIS5 and CIS5(Partner)holders
CIS40	In year repayment request form (sole trader)
CIS41	In year repayment request form (partner)
CIS42	Notice for return of deductions from subcontractors
CIS52	Notification of spoilt or destroyed vouchers
CIS54(Individual)	Application for a Registration Card: sole trader
CIS62(A)	Information poster for new contractors charting completion of CIS25 voucher and CIS36(RC) return
CIS62(B)	Information poster for new contractors charting completion of CIS24 voucher and CIS36(STC) return
CIS62(C)	Information poster for new contractors charting completion of CIS23 voucher and CIS36(CTC) return
CIS81	Voucher guidance leaflet: issued with every voucher replenishment
CIS82(Individual)	Application form to renew a Tax Certificate: sole trader
CIS83(New)	Application form to renew a Tax Certificate: partners and directors
CIS84(Partner)	Application form to renew a Tax Certificate: partnership

CIS85(Company)	Application form to renew a Tax Certificate: company
CIS86	Application form to renew a temporary Registration Card: individuals, partners and directors/company secretaries
CIS132	Working sheet for recording in year set-offs of CIS deductions against company PAYE/NICs/CIS liabilities
CIS134	Notification of set-off procedures to new companies (includes a copy of CIS132)
CIS136	Annual notification of CIS set-off procedures (includes a copy of CIS132)
CIS151	Notification of a contractor scheme identifier for new contractors, to be used on CIS24 vouchers
CIS152	Notification of a contractor scheme identifier for new contractors with a temporary CIS reference to be used on CIS24 vouchers
CIS153	Notification of contractor scheme identifier for contractors who have multiple schemes to be used on CIS24 vouchers

Vouchers will be replenished automatically and supplies of some other forms can be obtained from the HMRC office.

Customer Service

HM Revenue & Customs commitment

We aim to provide a high quality service with guidance that is simple, clear and accurate.

We will

- be professional and helpful
- act with integrity and fairness, and
- treat your affairs in strict confidence within the law.

We aim to handle your affairs promptly and accurately so that you receive or pay only the right amount due.

Putting things right

If you are not satisfied with our service, please let the person dealing with your affairs know what is wrong. We will work as quickly as possible to put things right and settle your complaint.

If you are still unhappy, ask for your complaint to be referred to the Complaints Manager.

Customers with particular needs

We offer a range of facilities for customers with particular needs, including

- wheelchair access to nearly all HMRC Enquiry Centres
- help with filling in forms

for people with hearing difficulties:

- BT Typetalk
- Induction loops.

We can also arrange additional support, such as

- home visits, if you have limited mobility or caring responsibilities and cannot get to one of our Enquiry Centres
- services of an interpreter
- sign language interpretation
- leaflets in large print, Braille and audio.

These notes are for guidance only and reflect the tax position at the time of writing. They do not affect any right of appeal about your own tax.

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**HM Revenue
& Customs**