

Building and Trades CIS Registration Contractors

The Inland Revenue operates a Construction Industry Scheme (CIS), which is primarily targeted at the self-employed within the construction industry, but can also cover companies and partnerships.

The contractor is the individual, partnership or company employing, and as such has a number of requirements placed upon them. Private householders are NOT contractors if they are having work done on their own premises.

The CIS Manual can also be found at

<http://www.hmrc.gov.uk/manuals/cisrmanual/index.htm>

The scheme DOES NOT apply to construction work carried on outside the UK.

To apply to be a Contractor ring the Helpline

0845 366 7899

8.00 am to 8.00 pm, Monday to Friday

8.00 am to 4.00 pm Saturday

(An agent can no longer able do this.)

A "Welcome Pack" is sent, containing the booklet detailed above, and also examples of CIS payment vouchers and returns.

When a contractor hires a sub contractor they are legally required to check the registration, confirm the identity of the holder, and decide if that person is employed or self employed.

A payment voucher is prepared by the contractor for each tax month (Period ended 5th of each month) and given to the sub contractor. The contractor should keep a duplicate for filing with the CIS Return.

Filling in the Payslip Vouchers

There are detailed leaflets in the registration packs,

The following items must be EXCLUDED

- VAT charged by the subcontractor.
- Construction Industry Board levy.

The following items must be DEDUCTED from the Gross amount

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

The following should be INCLUDED

- All travel (including fuel) and subsistence paid to the sub contractor.

Where materials are purchased, either evidence of this purchase is needed or the contractor needs to be satisfied that the actual costs match estimates.

The voucher must always be made out to the sub contractor, even if payment is going to another person, like a debt factor in an agency.

The contractor is required to keep a note of the following: -

- The name of the sub contractor.
- Their UTR.
- The verification number.
- The National Insurance number.
- The gross amount of payment excluding VAT.
- The cost of raw materials excluding VAT (if registered).
- The amount of deduction.

Deduction payments are made monthly, as with PAYE, and payment for a period ended 5th of a month are due 14days later on the 19th of the same month. Deductions are currently made at 20% for those that have been verified and 30% for those that have not.

Where deductions are less then £1500 for average monthly payments quarterly returns can be made by agreement on 5th July, Oct, Jan and April, and payment is due within 14 days of the end of each quarter. **NB** when payments are made quarterly, vouchers still need to be filed monthly.

The CIS payments form part of the PAYE P35s the year end.

Many quality payroll systems will also have a CIS section where the program will prompt for key details and print off CIS payment voucher details and summaries.

[Payroll Manager](#) has this facility, and is able to print onto the pre printed vouchers, saving time, and improving accuracy for monthly and yearly returns. The system also has a number of fail safe checks to ensure registration cards are in order.