

Building and Trades Handling CIS Vouchers - Contractors

The CIS payment slip is an important document, and must be handled with care. It is the contractor's proof that tax has been deducted.

Where possible a copy of all the payment slips should be made when they initially completed as this allows for a file copy to be kept for each month/period, and if they are lost, a copy is available.

The voucher is a record of the tax deducted at either 20% or 30% from the sub contractor's labour charge.

The following items must be excluded:

- VAT charged by a VAT registered sub contractor
- Construction Industry Training Board Levy (CITB)

The following items must be deducted from the gross amount of payment

- What the sub contractor paid for materials, including VAT paid (if the Sub contractor is NOT registered for VAT) consumable stores, fuel (not travelling) and plant hire used.
- The cost of manufacture or prefabrication of materials used.

The following should be included

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

Where CIS payment slips have been lost a copy may be sent, but if the Inland Revenue office is not satisfied that the records of the Contractors monthly return and the sub contractor's payment slips match, these may be rejected.

A constant source of problems for sub contractors is where CIS payment slips are not issued by the contractor. Where ever possible a CIS slip must be sent to a sub contractor as soon as they are issued and not held by the contractor.

Payment slips should be issued for every period (ended 5th of each month) to subcontractors throughout the year. Application for Quarterly payment of the deductions due can be made via the appropriate accounts office. Any attempt to issue yearly slips at the year end could result in a visit from the Inland Revenue.