



## The New CIS – HMRC get tough

Ralph Godley

As you all know the new rules for the construction industry scheme came into effect on 6 April 2007 for all contractors and subcontractors working in the UK.

### So how are you coping 4 months into the new scheme?

Contractors should now have filed their 4th monthly return. Each return is issued after the 5th of each month and has to be submitted by the 19th of that month. On the return each sub-contractor that has been used in that tax month should be verified and appear on that return with details of the amounts paid to them and tax deducted if appropriate.

### So how well have you done? How well are your systems coping with the additional paperwork?

If the answer to these questions is not very well you have two months to get it right.

Up until now H M Revenue & Customs have been relaxed in their approach to small errors and late returns – BUT NO MORE!!

From October, therefore the return issued to you after the 5th and to be submitted by the 19th October H M Revenue & Customs are getting tough. You as contractors have had your six months grace and are now going to be liable to fines and penalties for late and incorrect returns.

H M Revenue & Customs have not been without their own teething problems in the first few months. The online system for instance, the returns were getting stuck if more than 50 subcontractors were reported in one go and the telephone support line did not have enough technical staff to handle the influx of queries in May and June and some incorrect advice was given.

What is more is that the returns that have already been submitted to H M Revenue & Customs have not yet been checked and it is expected that over 40% of them will be incorrect.

If you feel that you need advice or assistance to ensure that your returns are being completed correctly and that you are verifying your subcontractors and paying them correctly please do not hesitate to contact us.

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# STREETS

Tower House  
Lucy Tower Street  
Lincoln  
Lincolnshire  
LN1 1XW

Tel: 01522 551200  
Fax: 01522 533234

St Peters Chambers  
2 Bath Street  
Grantham  
Lincolnshire  
NG31 6EG

Tel: 01476 590838  
Fax: 01476 590795

Halifax House  
30 George Street  
Hull  
East Yorkshire  
HU1 3AJ

Tel: 01482 225399  
Fax: 01482 219964

Lloyd's Building  
12 Leadenhall Street  
London  
EC3V 1LP

Tel: 020 7816 5827  
Fax: 020 7816 5826

87 Park Road  
Peterborough  
Cambridgeshire  
PE1 2TN

Tel: 01733 312191  
Fax: 01733 896214

Churchgate House  
33 Churchgate  
Retford  
Nottinghamshire  
DN22 6PA

Tel: 01777 869955  
Fax: 01777 869962

e [enquiries@streetsweb.co.uk](mailto:enquiries@streetsweb.co.uk)  
[www.streetsweb.co.uk](http://www.streetsweb.co.uk)