
STATUTORY INSTRUMENTS

1998 No. 2622

INCOME TAX

The Income Tax (Sub-contractors in the Construction Industry) (Amendment) Regulations 1998

<i>Made</i>	- - - -	<i>23rd October 1998</i>
<i>Laid before the House of Commons</i>	- - - -	<i>23rd October 1998</i>
<i>Coming into force</i>	- -	<i>23rd November 1998</i>

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by sections 559(3A), 560(2)(ea), 562(2A) and (11), 564(2A)(b), 565(2A) and (2B) and 566 of the Income and Corporation Taxes Act 1988(1) and by section 98A(1) of the Taxes Management Act 1970, hereby make the following Regulations:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Income Tax (Sub-contractors in the Construction Industry) (Amendment) Regulations 1998.

(2) These Regulations shall come into force on 23rd November 1998, but except as otherwise provided shall have effect—

- (a) in relation to any application for the issue or renewal of a sub-contractor's tax certificate which is made with respect to any period beginning on or after 1st August 1999, and
- (b) for all other purposes on or after 1st August 1999.

(1) 1988 c. 1. Section 559(3A) was inserted by paragraph 1(3) of Schedule 27 to the Finance Act 1995 (c. 4). Section 560(2)(ea) was inserted by paragraph 2(1)(b) of Schedule 27 to the Finance Act 1995. Section 562(2A) was inserted by paragraph 4(3) of Schedule 27 to the Finance Act 1995 and section 562(11) was amended by paragraph 4(6) of Schedule 27 to the Finance Act 1995. Section 564(2A) was inserted by paragraph 6 of Schedule 27 to the Finance Act 1995, and amended by paragraph 3(1) of Schedule 8 to the Finance Act 1998 (c. 36). Section 565(2A) and (2B) were inserted by paragraph 7(1) of Schedule 27 to the Finance Act 1995, and amended by paragraph 4(1) of Schedule 8 to the Finance Act 1998. Section 566 was amended by paragraph 9 of Schedule 27 to the Finance Act 1995, by section 178(1) of, and Part V(32) of Schedule 41 to, the Finance Act 1996 (c. 8), and by paragraph 6 of Schedule 8 to the Finance Act 1998. Section 566(1) was extended by section 98A(1) of the Taxes Management Act 1970 (c. 9) which was inserted by section 165(1) of the Finance Act 1989 (c. 26).

Interpretation

2. In these Regulations “the principal Regulations” means the Income Tax (Sub-contractors in the Construction Industry) Regulations 1993(2) and “regulation” means a regulation of those Regulations.

Amendments to Part I of the principal Regulations

3.—(1) Regulation 2 shall be amended as follows.

(2) In paragraph (1)—

(a) before the definition of “the Board” there shall be inserted—

““applicant”, except in regulation 20A, shall be construed in accordance with section 562(3);”;

(b) after the definition of “contract payment” there shall be inserted—

““education”, includes the training of persons over compulsory school age (in Scotland, school age) for employment in any activities of commerce or industry within the meaning of section 1(1) of the Industrial Training Act 1982(4), and “educational institution” includes the institution by which such training is given;”;

(c) before the definition of “national insurance number” there shall be inserted—

““NHS trust” means a National Health Service trust established under Part I of the National Health Service and Community Care Act 1990(5) or, as the case may be, under the National Health Service (Scotland) Act 1978(6);”;

(d) the definitions of “section 559”, “section 561”, “section 562” and “section 563” shall be omitted;

(e) for the definition of “user” there shall be substituted—

““user of a registration card” means the person to whom a registration card which has not expired or been cancelled has been issued, and includes, where a registration card has been issued to a company under regulations 7C(4) and 7D(2), a director or secretary of that company who is authorised to use that registration card;

“user of a sub-contractor’s tax certificate” means a person to whom a sub-contractor’s tax certificate which has not expired or been cancelled has been issued, and includes, where a sub-contractor’s tax certificate has been issued to a company under regulation 24(5) or (6), a director or secretary of that company who is authorised to use that certificate.”

(3) In paragraph (2)—

(a) before “construction operations” there shall be inserted ““construction contract payments””;

(b) after “contractor” there shall be inserted—

““the qualifying period”

“registration card”

“relevant payments”

“a relevant person in relation to the company”.”

(2) S.I. 1993/743; amended by S.I. 1995/217, 448, 1996/981.

(3) Section 562 was amended by paragraph 4 of Schedule 27, and Part VIII(21) of Schedule 29, to the Finance Act 1995.

(4) 1982 c. 10.

(5) 1990 c. 19.

(6) 1978 c. 29.

(4) For paragraph (4), the following paragraphs shall be substituted—

“(4) The Table below indexes other general definitions in these Regulations:

<i>Term defined</i>	<i>Regulation</i>
tax payment voucher	7
the individual turnover threshold	21A(1)
the multiple partnership turnover threshold	21A(2)
the multiple company turnover threshold	21A(3)
the alternative partnership turnover threshold	21A(5)
the alternative company turnover threshold	21A(6)
gross payment voucher	29
construction gross payment voucher	37A.

(5) References, however expressed, in these Regulations to particulars being transmitted electronically by one person (“the transmitter”) to another person (“the recipient”) are references to any procedure whereby the particulars in question are transmitted by electronic means from the transmitter’s computer system to the recipient’s computer system and accepted by the recipient’s computer system.

(6) In these Regulations, references to a section, without more, are references to that section of the Taxes Act.”

Amendments to Part II of the principal Regulations

4. For regulation 3 the following regulations shall be substituted—

“Interpretation of Part II

3. In this Part of these Regulations and regulation 40A, “payment to which section 559(7) applies” means a contract payment, other than—

(a) a payment to which section 559 does not apply by virtue of Part IIA of these Regulations; or

(b) a payment made to a person excepted from section 559 by virtue of section 561(8);

and related expressions shall be construed accordingly.

Bodies to which subsection (2) of section 560 applies

3A. The bodies which are designated as bodies to which subsection (2) of section 560(9) applies, being bodies (in addition to those falling within paragraphs (aa) to (e) of that subsection) which have been established for the purpose of carrying out functions

(7) 1988 c. 1. Section 559 was amended by paragraph 1 of Schedule 27, and Part VIII(21) of Schedule 29, to the Finance Act 1995, by section 54(5) of the Finance Act 1997 (c. 16), by paragraph 2(1) of Schedule 8 to the Finance Act 1998, and by S.I. 1989/2405 (N.I.19).

(8) Section 561 was amended by paragraph 5 of Schedule 17 to the Finance Act 1994 (c. 9) and by paragraph 3 of Schedule 27 to the Finance Act 1995.

(9) Section 560 was amended by paragraph 1 of Schedule 2 to the Housing (Scotland) Act 1988 (c. 43), paragraph 116 of Schedule 17 to the Housing Act 1988 (c. 50), paragraph 2 of Schedule 27 to the Finance Act 1995 and paragraph 2 of Schedule 8 to the Finance Act 1998.

conferred on them by or under any enactment, are those specified in Schedule A1 to these Regulations.”

5. Regulation 5 shall be omitted.
6. Regulation 6 shall be omitted.
- 7.—(1) Regulation 7 shall be amended as follows.
 - (2) In paragraph (1)—
 - (a) for the words “paragraph (3), on the making” there shall be substituted the words “the following paragraphs of this regulation, in respect”;
 - (b) for the words “deduction certificate” there shall be substituted the words “tax payment voucher”.
 - (3) In paragraph (2)—
 - (a) in sub-paragraph (a) the words “and address” shall be omitted;
 - (b) for sub-paragraph (b) there shall be substituted—
 - “(b) the distinctive reference number taken from that sub-contractor’s registration card,”;
 - (c) for sub-paragraph (c) there shall be substituted—
 - “(c) the end of the income tax month in which the payment is made,”;
 - (d) the word “and” immediately following sub-paragraph (f) shall be omitted; and
 - (e) at the end, there shall be added—
 - “, and
 - (h) unless that sub-contractor’s registration card is a temporary card, the sub-contractor’s national insurance number.”
 - (4) For paragraphs (3) to (5) there shall be substituted—
 - “(3) The contractor shall give a tax payment voucher to the sub-contractor in respect of all such payments made within a period of one income tax month, and the tax payment voucher shall be signed by the contractor and be given to the sub-contractor within 14 days of the end of that income tax month.
 - (4) Within 14 days of the end of every income tax month the contractor shall either—
 - (a) send the top copy of all tax payment vouchers completed by him in accordance with this regulation to a person nominated by the Board at an address specified by them, or
 - (b) transmit electronically the particulars specified in paragraph (2) to the person so nominated.
 - (5) Where the contractor transmits the particulars electronically as mentioned in paragraph (4)(b), the tax payment voucher shall be a single copy, in the form designated CIS25(E) in Schedule 1 to these regulations, which he shall give to the sub-contractor, but otherwise, the tax payment voucher shall be in triplicate, in the form designated CIS25(I) or CIS25(M) in Schedule 1 to these regulations, and the copy to be given to the sub-contractor shall be the copy marked “Subcontractor copy.””
- 8.—(1) After regulation 7 the following regulations shall be inserted—

“Registration cards—powers of inspectors and persons nominated by the Board

7A.—(1) The power to issue or replace a registration card may be exercised either by an inspector or by any person nominated by the Board.

(2) The power to require the surrender of, or cancel, a registration card may be exercised by an inspector.

Registration cards—appeals

7B.—(1) Any person aggrieved by the refusal to issue or replace a registration card under regulation 7A(1) or the cancellation of a registration card under regulation 7A(2) may, by notice given to the Board within 30 days after the refusal or, as the case may be, the cancellation, appeal to the General Commissioners or, if he so elects in the notice, to the Special Commissioners, to determine the matter.

(2) The like provisions as are contained in Part V of the Management Act(10) shall apply, with the appropriate modifications, to an appeal under paragraph (1) as they apply to an appeal against an assessment.

Form of registration card

7C.—(1) A registration card shall be prepared by an authorised officer of the Board or any person nominated by the Board—

- (a) in the case of a temporary registration card, in the form designated CIS4(T), and
- (b) in any other case, in the form designated CIS4(P),

in Schedule 1 to these regulations.

(2) Where a registration card, other than a temporary registration card, is issued to an individual otherwise than as a partner in a firm, the card shall show—

- (a) the individual’s name,
- (b) his national insurance number,
- (c) a facsimile of his usual signature,
- (d) a full face photograph, being a true likeness of him,
- (e) the distinctive reference number assigned to the card, and
- (f) where the individual so wishes, the (or, where there is more than one, a) business name under which his business is carried on.

(3) Where a registration card, other than a temporary registration card, is issued to an individual as a partner in a firm, the card shall show—

- (a) the individual’s name,
- (b) his national insurance number,
- (c) a facsimile of his usual signature,
- (d) a full face photograph, being a true likeness of him,
- (e) the distinctive reference number assigned to the card,
- (f) the words “Acting for”,
- (g) the name of the firm, and
- (h) subject to paragraph (5), and where the individual so wishes, the (or, where there is more than one, a) business name under which the firm’s business is carried on.

(4) Where a registration card, other than a temporary registration card, is issued to a company, the card shall show—

- (a) the name of the director or secretary of the company who is authorised to use the card,
- (b) his national insurance number,
- (c) a facsimile of his usual signature,
- (d) a full face photograph, being a true likeness of him,
- (e) the distinctive reference number assigned to the card,
- (f) the words “Acting for”,
- (g) the name of the company, and
- (h) subject to paragraph (5), and where the director or secretary of the company so wishes, the (or, where there is more than one, a) business name under which the company’s business is carried on

(5) Where, in a case to which paragraph (3) or (4) applies, the registration card shows a business name under which the firm’s or company’s business is carried on, that business name shall be the same as that which appears on all other cards that are uncanceled, which have been issued to the partners in the firm or to the company.

(6) A temporary registration card may be issued, showing the same information as is required by paragraph (2), (3) or (4), as the case may be, but with the substitution for subparagraph (b) in each case of—

- “(b) the date of its expiry which shall be not more than three months from the date of its issue.”.

Issue of registration card

7D.—(1) A registration card containing the information specified in regulation 7C(2) or (3), as the case may be, shall be issued by an inspector or any person nominated by the Board, to the individual whose name, national insurance number and photograph appear on it.

(2) A registration card containing the information specified in regulation 7C(4) shall be issued by an inspector or any person nominated by the Board, to the company whose name appears on it.

Production for inspection and surrender of a registration card

7E.—(1) A user of a registration card, or any person having a registration card in his possession, shall, whenever required to do so by an authorised officer of the Board, produce the registration card to that officer for inspection.

(2) A user of a registration card, or any person having a registration card in his possession, shall, whenever required to do so by an authorised officer of the Board (whether or not by way of notice served on him by that officer), surrender the registration card to the Board or to that officer.

(3) Paragraphs (1) and (2) shall apply whether or not the registration card in question has been cancelled, at the time the requirement is made by the authorised officer of the Board.

Production and verification of a sub-contractor’s registration card

7F.—(1) Before making any payment to which section 559 applies to a sub-contractor, and unless the circumstances specified in paragraph (3) apply, a contractor shall—

- (a) ensure that the sub-contractor's registration card is produced to him, and
 - (b) satisfy himself by inspection of the registration card that the person producing it is the user of that registration card.
- (2) For the purposes of paragraph (1), the user of the registration card shall, whenever required to do so, produce the registration card for inspection by the contractor or the contractor's authorised representative.
- (3) The circumstances specified in this paragraph are that the contractor—
- (a) has previously caused the sub-contractor's registration card to be produced to him, and
 - (b) thereby satisfied himself as mentioned in paragraph 1(b), and
 - (c) has no reason to doubt that the person who produced it remains the user of that registration card.”
- (2) Regulations 7A to 7E shall have effect on or after 23rd November 1998.
9. Regulation 11 shall cease to have effect in relation to any period after 31st July 1999.
10. In regulation 13(11), in paragraph (12), for “11” there shall be substituted “40A”.
11. Regulation 20 shall cease to have effect except in relation to companies as respects accounting periods ending before the day appointed by the Treasury under section 199 of the Finance Act 1994(12), for the purposes of Chapter III of Part IV of that Act (corporation tax self-assessment).
12. After regulation 20 the following regulation shall be inserted—

“In-year repayments of provisional excess credit

20A.—(1) Where—

- (a) a sub-contractor is an individual or a firm,
- (b) an application is made by that individual or a partner in the firm (“the applicant”) to the inspector,
- (c) any income tax and Class 4 contributions due from the applicant, or the sub-contractor, on the applicant's share of the annual profits or gains arising or accruing from the trade, profession or vocation of the sub-contractor, for any earlier year, have been paid,
- (d) all relevant tax payment vouchers issued to the sub-contractor under regulation 7, and such further evidence as the inspector may require, are produced to the inspector, and
- (e) the inspector is satisfied by such evidence that the applicant's share of the total of sums deducted under section 559(13) from payments made to the sub-contractor, in so much of a year as has elapsed at the date when the application is made, exceeds the aggregate of the amounts specified in paragraph (2),

the applicant shall, subject to paragraphs (3) and (4), be entitled to repayment of the excess by the inspector.

- (2) The amounts specified in this paragraph are—

(11) Amended by S.I. 1995/448.

(12) 1994 c. 9.

(13) 1988 c. 1. Section 559 was amended by paragraph 1 of Schedule 27, and Part VIII(21) of Schedule 29, to the Finance Act 1995 (c. 4), by section 54(5) of the Finance Act 1997 (c. 16), by paragraph 2(1) of Schedule 8 to the Finance Act 1998 (c. 36), and by S.I. 1989/2405 (N.I.19).

- (a) the income tax and any Class 4 contributions payable (whether or not yet due and payable) by the applicant, on his share of the annual profits or gains arising or accruing from the trade, profession or vocation of the sub-contractor which are chargeable to tax for the whole of that year, after deducting any cumulative entitlement of the applicant at the date of the application to an allowance under section 257(14) or 257A(15) of the Taxes Act;
 - (b) the income tax and any Class 4 contributions payable (whether or not yet due and payable) by the applicant, on any income arising during so much of the year as has elapsed at the date of the application, from which income tax has not been deducted at source, within the meaning given by section 59B(7)(16) of the Management Act; and
 - (c) any sum due and payable to the Board from the sub-contractor under the Tax Acts or the Management Act, and without prejudice to the generality of the foregoing, this shall include any sums deducted by the sub-contractor in the capacity of a contractor, under section 559(4).
- (3) Every such application shall be on a form approved by the Board, containing a declaration that all the particulars given in the form are correctly stated to the best of the knowledge and belief of the applicant, and where the application is made by a partner in a firm, the form shall be signed by all the partners in the firm who are individuals and, where a partner is a company, by the secretary or a director of the company.
- (4) No repayment under this regulation shall be made after the end of the year to which the application relates.”

Insertion of new Part IIA into the principal Regulations

13. After Part II of the principal Regulations the following Part shall be inserted—

“PART IIA

PAYMENTS EXCEPTED FROM SUBSECTION (1) OF SECTION 559

Small payments

- 20B.**—(1) Subsection (1) of section 559 shall not apply to a contract payment if—
- (a) the conditions prescribed in paragraph (2) in relation to the person making the payment are satisfied, and
 - (b) the condition prescribed in paragraph (3) in relation to the payment is satisfied.
- (2) The conditions prescribed in relation to the person making the payment are that—
- (a) the person is one to whom subsection (2) of section 560(17) applies by virtue of any of paragraphs (aa) to (f) of that subsection, and

(14) Section 257 was substituted by section 33 of the Finance Act 1988 (c. 39) and amended by section 33 of the Finance Act 1989 (c. 26), paragraph 13 of Schedule 20 to the Finance Act 1996 (c. 8), section 55 of the Finance Act 1997, and S.I. 1996/2952.

(15) Section 257A was substituted by section 33 of the Finance Act 1988, and amended by section 33 of the Finance Act 1989, section 77 of the Finance Act 1994, paragraph 14 of Schedule 20 to the Finance Act 1996 and S.I. 1996/2952, and extended by section 27(2) of the Finance Act 1998.

(16) 1970 c. 9. Section 59B was inserted by section 193 of the Finance Act 1994 (c. 9), and amended by section 115 of the Finance Act 1995, and sections 122, 125, 126 and 127 of the Finance Act 1996.

(17) Section 560 was amended by paragraph 1 of Schedule 2 to the Housing (Scotland) Act 1988 (c. 43), paragraph 116 of Schedule 17 to the Housing Act 1988 (c. 50), paragraph 2 of Schedule 27 to the Finance Act 1995 and paragraph 2 of Schedule 8 to the Finance Act 1998.

- (b) the person has been approved by the inspector for the purposes of this regulation.
- (3) The condition prescribed in relation to the payment is that the payment is not one made under a contract in respect of which the total contract payments so made (excluding the direct cost of materials) exceed or are likely to exceed £1000.”.

Amendments to Part III of the principal Regulations

14. After regulation 21 the following regulations shall be inserted—

“Turnover thresholds

21A.—(1) The amount specified as the minimum turnover for the purposes of section 562(2A)(**18**) (in these Regulations referred to as “the individual turnover threshold”) is an annual turnover of £30,000.

(2) In these Regulations, “the multiple partnership turnover threshold” for a firm, in relation to a particular period, means an annual turnover equal to the individual turnover threshold multiplied by the total number of times, for that firm, by which the minimum turnover for the purposes of section 562(2A) is to be multiplied pursuant to section 564(2B) (a) and (b)(**19**), but identifying and counting the number of partners—

- (a) in the case of the six month test, according to the maximum number of partners in the firm at any one time during the six consecutive income tax months or lesser consecutive period referred to in regulation 21C(1)(a);
- (b) in the case of the main three year test, according to the maximum number of partners in the firm at any one time in the relevant year referred to in regulation 21D(1)(a).

(3) In these Regulations, “the multiple company turnover threshold” for a company, in relation to a particular period, means, subject to paragraph (4), an annual turnover equal to the individual turnover threshold multiplied by the number of persons who are relevant persons in relation to the company, but identifying and counting the number of persons who are such relevant persons—

- (a) in the case of the six month test, according to the maximum number of such relevant persons at any one time during the six consecutive income tax months or lesser consecutive period referred to in regulation 21C(1)(a);
- (b) in the case of the main three year test, according to the maximum number of such relevant persons at any one time in the relevant year referred to in regulation 21D(1)(a).

(4) Where—

- (a) an individual or a firm transfers to a company a business as a going concern, and
- (b) the business is so transferred wholly or partly in exchange for shares issued by the company to the person transferring the business,

then, in relation to any time prior to the transfer of the business, references in paragraph (3) to “relevant persons in relation to the company” shall be construed as references to the individual who, or partners in the firm which, was carrying on the business at that time.

(5) The amount specified for the purposes of section 564(2A)(b) (“the alternative partnership turnover threshold”) is £200,000.

(18) Section 562(2A) was inserted by paragraph 4(3) of Schedule 27 to the Finance Act 1995.

(19) Section 564(2A) and (2B) were inserted by paragraph 6 of Schedule 27 to the Finance Act 1995.

(6) The amount specified for the purposes of section 565(2B)(b)(20) (“the alternative company turnover threshold”) is £200,000.

Prescribed evidence in relation to applications

21B.—(1) Paragraph (2) prescribes the evidence by which—

- (a) an individual must satisfy the Board, as mentioned in section 562(2A), that the individual turnover threshold is likely to be met,
- (b) the partners in a firm must satisfy the Board, as mentioned in section 564(2A), that the multiple partnership turnover threshold is likely to be met, and
- (c) a company must satisfy the Board, as mentioned in section 565(2A)(a), that the multiple company turnover threshold is likely to be met,

and the matters of which the Board must be satisfied, referred to in sub-paragraph (a), (b) or (c), shall be presumed conclusively from such prescribed evidence.

(2) The evidence prescribed is, subject to paragraph (5), such evidence as complies with either of the six month test or the main three year test.

(3) Paragraph (4) prescribes the evidence by which—

- (a) the partners in a firm must satisfy the Board, as mentioned in section 564(2A), that the alternative partnership turnover threshold is likely to be met, and
- (b) a company must satisfy the Board, as mentioned in section 565(2A)(a), that the alternative company turnover threshold is likely to be met,

and the matters of which the Board must be satisfied, referred to in sub-paragraph (a) or (b), shall be presumed conclusively from such prescribed evidence.

(4) The evidence prescribed is such evidence as complies with the alternative three year test.

(5) Where—

- (a) a person has been a sub-contractor for a continuous period of four years ending with the date of the application for a sub-contractor’s tax certificate, and
- (b) three successive sub-contractor’s certificates have been issued to that person, or to a partner in that firm in such capacity, in the circumstances mentioned in regulation 26(2),

paragraph (2) shall apply with the modification that the words “either of the six month test or” are omitted.

The six month test

21C.—(1) The evidence that complies with the six month test is:—

- (a) evidence of turnover of the business mentioned in section 562(2), section 564(2) or section 565(2), as appropriate, during a period of six consecutive income tax months or any lesser consecutive period falling entirely within the year ending with the date of the application;
- (b) evidence showing that such turnover during the appropriate period mentioned in sub-paragraph (a) equalled or exceeded seventy per cent. of the relevant turnover threshold; and

(20) Section 565(2A) and (2B) were inserted by paragraph 7(1) of Schedule 27 to the Finance Act 1995, and amended by section 57 of, and paragraph 4(1) of Schedule 8 to, the Finance Act 1998.

- (c) evidence consisting of tax payment vouchers, gross payment vouchers and construction gross payment vouchers, and documentary evidence of contract payments and, where contract payments are made without the deduction imposed by section 559(21), documentary evidence of the direct cost of materials;
- (2) In this regulation and in regulations 20B(3), 21A(1) to (3), 21B(1) and (3), 21D and 41(4B)—
 - (a) “the direct cost of materials” means the direct cost to any person other than the contractor of materials used or to be used in carrying out the construction operations to which the contract, under which the contract payment is to be made, relates;
 - (b) “turnover” means contract payments received by the business in question, other than so much of those payments as represents the direct cost of materials.
- (3) In this regulation and in regulations 21A, 21D and 21E, “year” means a period of 365 consecutive days.

The main three year test

21D.—(1) The evidence that complies with the main three year test is:—

- (a) evidence of turnover of the business mentioned in section 562(2), 564(2) or 565(2), as appropriate, during a period of three consecutive years falling entirely within the period of four years ending with the date of the application;
 - (b) evidence showing that—
 - (i) such turnover equalled or exceeded the relevant turnover threshold in at least two out of the three consecutive years mentioned in sub-paragraph (a), and
 - (ii) the average turnover for those three years equalled or exceeded ninety per cent. of the average of the relevant turnover threshold in each of those three years; and
 - (c) evidence consisting of accounts covering those three years, tax payment vouchers, gross payment vouchers, construction gross payment vouchers and documentary evidence of contract payments and, where contract payments are made without the deduction imposed by section 559, documentary evidence of the direct cost of materials.
- (2) Where accounts are made up for a period of account which falls partly in one year and partly in another, turnover for that period shall be apportioned on a time basis between the years in which that period falls.

The alternative three year test

21E.—(1) The evidence that complies with the alternative three year test is:—

- (a) evidence of construction contract payments received by the business mentioned in section 564(2)(22) or 565(2), as appropriate, during a period of three consecutive years falling entirely within the period of four years ending with the date of the application;

(21) 1988 c. 1. Section 559 was amended by paragraph 1 of Schedule 27, and Part VIII (21) of Schedule 29, to the Finance Act 1995 (c. 4), by section 54(5) of the Finance Act 1997 (c. 16), by paragraph 2(1) of Schedule 8 to the Finance Act 1998 (c. 36), and by S.I. 1989/2405 (N.I.19).

(22) Section 564 was amended by paragraph 6 of Schedule 27 to the Finance Act 1995, and by paragraphs 3 and 5 of Schedule 8 to the Finance Act 1998.

- (b) evidence showing that—
 - (i) such construction contract payments equalled or exceeded the alternative partnership turnover threshold, or the alternative company turnover threshold, as the case may be, in at least two out of the three consecutive years mentioned in sub-paragraph (a), and
 - (ii) the average construction contract payments received in those three years equalled or exceeded ninety per cent. of the average of the relevant turnover threshold in each of those three years; and
- (c) evidence consisting of accounts covering those three years and documentary evidence of construction contract payments, and of the direct cost to the firm or company of materials used or to be used in carrying out the operations in question.
 - (2) Where accounts are made up for a period of account which falls partly in one year and partly in another, construction contract payments and the cost of materials for that period shall be apportioned on a time basis between the years in which that period falls.”

15.—(1) Regulation 22 shall be amended as follows.

(2) For paragraph (1) there shall be substituted—

“(1) Where an applicant must satisfy the Board for the purposes of section 562(23) that he has been outside the United Kingdom for the whole or part of the qualifying period, the evidence by which he is to so satisfy the Board shall be the evidence prescribed in paragraphs (2) and (3).”

(3) In paragraphs (2) and (3), for the words “the period in question” wherever occurring, there shall be substituted the words “the qualifying period”, and for the words “the person in question” wherever occurring, there shall be substituted the words “the applicant”.

(4) Paragraph (4) shall be omitted.

16.—(1) Regulation 23 shall be amended as follows.

(2) In paragraph (1)—

- (a) for the words from the beginning to “complied” there shall be substituted the words “Where an applicant must satisfy the Board for the purposes of section 562 that he has complied”;
- (b) for the words “for the period in question” there shall be substituted the words “any part of the qualifying period”; and
- (c) for the words “the relevant subsection” there shall be substituted the words “subsection (8) of section 562.”

(3) In paragraph (2), for the words “person in question” there shall be substituted the word “applicant”.

(4) Paragraph (3) shall be omitted.

17. After regulation 23 the following regulations shall be inserted—

“Evidence of unemployment

23A.—(1) Where an applicant must satisfy the Board that he was not subject to any one or more of the obligations mentioned in section 562(8) because he was unemployed, the evidence by which he is to so satisfy the Board shall be the evidence prescribed in paragraph (2) or (3) as the case may be.

(2) Where the applicant claims to have been living within the United Kingdom during any period, the evidence shall consist of—

- (a) a statement from the benefit officer certifying the period during which the applicant was registered as unemployed or,
- (b) for any period during which the applicant was not registered as unemployed, such other evidence as satisfies the Board that he was unemployed during that period.

(3) Where the applicant claims to have been living outside the United Kingdom during any period, the evidence shall consist of any document from the Social Security Department or equivalent department, or from the immigration authorities, or from any other Government department of the country in which he claims to have been living, which confirms his presence there throughout that period.

(4) In paragraph 2 above, “benefit officer” means the appropriate officer of the Employment Service or the Department of Social Security, as the case may be, or, in Northern Ireland, the appropriate officer of the Department of Health and Social Services for Northern Ireland.

Evidence of full-time education

23B.—(1) Where an applicant must satisfy the Board that he was not subject to any one or more obligations mentioned in section 562(8) because he was undergoing full-time education, the evidence by which he is to so satisfy the Board shall be the evidence prescribed in paragraph (2) or (3) as the case may be.

(2) Where the applicant claims to have been living within the United Kingdom, the evidence shall consist of a statement from the educational institution which the applicant has attended, certifying the periods during which the applicant was undergoing full-time education at that institution.

(3) Where the applicant claims to have been living outside the United Kingdom, the evidence shall consist of a statement from the educational institution which the applicant has attended, in the country in which the applicant claims to have been living, certifying the periods during which the applicant was undergoing full-time education at that institution.”

18.—(1) Regulation 24 shall be amended as follows.

(2) In paragraph (1), for “714I, 714S, 714P and 714C” there shall be substituted “CIS5 and CIS6”.

(3) In paragraph (2)—

- (a) the words “or as a user of a certificate in the form numbered 714S in Schedule 1,” shall be omitted;
- (b) for “714I” there shall be substituted “CIS6”;
- (c) for sub-paragraph (c) there shall be substituted—

“(c) a facsimile of the individual’s signature on the application for the certificate,”.

(4) Paragraph (3) shall be omitted.

(5) In paragraph (4)—

- (a) for “714P” there shall be substituted “CIS6”;
- (b) for sub-paragraph (c) there shall be substituted—

“(c) a facsimile of the individual’s signature on the application for the certificate,”.

(6) In paragraph (5)—

- (a) for “714P” there shall be substituted “CIS6”;

- (b) for sub-paragraph (b) there shall be substituted—
 - “(aa) his national insurance number,
 - (b) a facsimile of his signature on the application for the certificate,”;
 - (c) sub-paragraph (j) shall be omitted.
 - (7) In paragraph (6)—
 - (a) for “714C” there shall be substituted “CIS5”;
 - (b) the words “showing the words “For a company not required to use sub-contractors vouchers”” shall be omitted;
 - (c) in sub-paragraph (a), for “the usual” there shall be substituted “a facsimile of the”;
 - (d) sub-paragraph (g) shall be omitted.
 - (8) In paragraph (7), for “714C” there shall be substituted “CIS5”.
- 19.**—(1) Regulation 25 shall be amended as follows.
- (2) In paragraph (1), “, (3)” and the words after “appear on it” shall be omitted.
 - (3) In paragraphs (2) and (3), for the words after “whose name”, there shall in each case be substituted the words “appears on it”.
- 20.**—(1) For regulation 26 the following regulation shall be substituted—

“Validity of sub-contractor’s tax certificate

26.—(1) A sub-contractor’s tax certificate shall be valid, during the period prescribed in paragraph (2), (3), (4) or (5), as the case may be, for the purpose of allowing payments to be made to the user of the certificate without the deduction required by sections 559(24) and for no other purpose.

(2) Subject to paragraph (5), where the Board have been satisfied as mentioned in regulation 21B(1), by evidence complying with the six month test, the period prescribed is one year from the date from which the certificate is valid.

(3) Subject to paragraphs (4) and (5), where the Board have been satisfied as mentioned in regulation 21B(1) or (3), by evidence complying with the main three year test or the alternative three year test, the period prescribed is three years from the date from which the certificate is valid.

(4) Where a certificate is issued, in the circumstances mentioned in paragraph (3), before 1st September 1999, the period prescribed is the period beginning on the date from which the certificate is valid, and ending 2 years and six months, 3 years or 3 years and six months later (according to the expiry date shown on the certificate) so as to secure an even rate of expiry of certificates.

(5) Where a certificate has been issued to a partner in a firm, or to a company, which is uncanceled, and an application is made for the issue of a certificate to a new or other partner, or to the company, for use by a new or other director or secretary of that company, the period prescribed is the period from the date from which the certificate is valid, to the date of expiry which appears on all other certificates that are uncanceled, which have been issued to partners in the firm or to the company, as the case may be.”

(24) 1988 c. 1. Section 559 was amended by paragraph 1 of Schedule 27, and Part VIII (21) of Schedule 29, to the Finance Act 1995 (c. 4), by section 54(5) of the Finance Act 1997 (c. 16), by paragraph 2(1) of Schedule 8 to the Finance Act 1998 (c. 36), and by S.I. 1989/2405 (N.I.19).

21. In regulation 28, for the word “user” wherever occurring there shall be substituted the words “user of a sub-contractor’s tax certificate”.

22.—(1) Regulation 29 shall be amended as follows.

(2) In paragraph (1)—

- (a) before the word “voucher” there shall be inserted the words “gross payment”;
- (b) for “715 or 715S” there shall be substituted “CIS24”;
- (c) for the words “paragraphs (2) and (3)” there shall be substituted “paragraph (2)”.

(3) In paragraph (2)(c) the words “and registration number” shall be omitted.

(4) Paragraph (3) shall be omitted.

23. Regulation 30 shall be omitted.

24. Regulation 32 shall be omitted.

Amendments to Part IV of the principal Regulations

25.—(1) Regulation 33 shall be amended as follows.

(2) In paragraph (2)(a)—

- (a) after the words “user of the” there shall be inserted the words “sub-contractor’s tax”; and
- (b) “(3),” shall be omitted.

(3) In paragraph 2(b), for the words “that certificate” there shall be substituted the words “the sub-contractor’s tax certificate”.

26. For regulation 35 the following regulation shall be substituted—

“Delivery of gross payment voucher by a sub-contractor

35.—(1) This regulation applies where—

- (a) a sub-contractor’s tax certificate is issued in one of the forms specified in paragraph (2), (4) or (5) of regulation 24, and
- (b) a contract payment is made to the relevant sub-contractor, or the user of that sub-contractor’s certificate, without the deduction imposed by section 559.

(2) Where this regulation applies, the user of the sub-contractor’s tax certificate or, where the sub-contractor is a company, a user who is a director or the secretary of the company, shall—

- (a) in respect of all contract payments made to the sub-contractor or the user as mentioned in paragraph (1)(b), or
- (b) where the contractor so requests, for each such contract payment made,

within a period of one income tax month, complete in triplicate a gross payment voucher in the form designated CIS24 in Schedule 1, with the particulars mentioned in regulation 38(a), signed by him in accordance with regulation 38(b) and shall give those copies of the voucher to the contractor no later than fourteen days after the end of the income tax month in question.

(3) The contractor shall complete the copies of the gross payment voucher with his distinctive reference number and shall return the copy of the voucher marked “Subcontractor copy” to the sub-contractor, and send the copy of the voucher marked “Inland Revenue copy” to a person nominated by the Board, at an address specified by them.

(4) A contractor shall make every effort reasonable in the circumstances to obtain such a gross payment voucher for or in respect of every such payment made by him.”

27. Regulation 36 shall be omitted.

28. Regulation 37 shall be omitted.

29. After regulation 37 the following regulation shall be inserted—

“Completion of construction gross payment voucher by contractor where sub-contractor is a company issued with a CIS5 Certificate

37A.—(1) This regulation applies where—

- (a) a sub-contractor’s tax certificate is issued to a company in the form specified in paragraph (6) or (7) of regulation 24, and
- (b) a contract payment is made to the company without the deduction imposed by section 559.

(2) Where this regulation applies, the contractor shall, in respect of all contract payments made by him as mentioned in paragraph (1)(b) within a period of one income tax month, either

- (a) complete a construction gross payment voucher in the form designated CIS23(M) and CIS23(I) in Schedule 1, containing the particulars specified in paragraph (4) and signed by him, or
- (b) transmit electronically the particulars specified in paragraph (4) to a person nominated by the Board.

(3) The contractor shall send all construction gross payment vouchers completed by him in accordance with this regulation to a person nominated by the Board, at an address specified by them.

(4) The particulars specified in this paragraph are—

- (a) the name of the sub-contractor,
- (b) the distinctive number of the sub-contractor’s tax certificate,
- (c) the end of the income tax month in which the payments were made, and
- (d) the amount of the payments.”

30.—(1) Regulation 38 shall be amended as follows.

(2) Before the word “voucher” where it first appears there shall be inserted the words “gross payment”.

(3) “, 36 or 37” and sub-paragraphs (i), (ii) and (vi) of paragraph (a) shall be omitted.

(4) For sub-paragraph (iv) of paragraph (a) there shall be substituted—

“(iv) the end of the income tax month in which the contract payments were made.”.

(5) In sub-paragraph (v) of paragraph (a), for the word “payment”, there shall be substituted the words “payments, for or in respect of which the gross payment voucher is given”.

31. In regulation 39—

- (a) before the word “vouchers” there shall be inserted the words “gross payment vouchers and construction gross payment”;
- (b) for the words from “by him” to the end there shall be substituted the words “or completed by him, in that income tax month, in accordance with regulations 35 and 37A, to a person nominated by the Board, at an address specified by them”.

32. Regulation 40 shall cease to have effect in relation to any period after 31st July 1999.

Amendments to Part V of the principal Regulations

33. Immediately before regulation 41 in Part V of the principal Regulations the following regulation shall be inserted—

“Returns by contractor at end of year

40A.—(1) The contractor shall render a return to the inspector or, if so required, to the collector, not later than 44 days after the end of the year, in such form as the Board may approve or prescribe, containing the particulars specified in paragraph (3) in respect of all sub-contractors not excepted from section 559(25) to whom payments to which that section applies were made by him during the year.

(2) The contractor shall render a return to the inspector or, if so required, to the collector, not later than 44 days after the end of the year, in such form as the Board may approve or prescribe, containing the particulars specified in paragraph (6) in circumstances where a sub-contractor is excepted from section 559.

(3) The particulars specified in this paragraph are—

- (a) the year to which the return relates,
- (b) the total amount of payments to which section 559 applies made by the contractor during the year,
- (c) the total amount, if any, included in those payments which the contractor is satisfied represents the direct cost to any person other than the contractor of materials used in carrying out the construction operations to which the contracts under which the payments were made related, and
- (d) the total amount deducted from the payments mentioned in sub-paragraph (b) under section 559.

(4) The return required by paragraph (1) shall be supported by the particulars specified in paragraph (5).

(5) The particulars specified in this paragraph are—

- (a) a list of all sub-contractors not excepted from section 559 to whom payments to which that section applies were made by the contractor during the year, and
- (b) in respect of each such sub-contractor—
 - (i) the name and distinctive reference number taken from that sub-contractor’s registration card,
 - (ii) the total amount of payments to which section 559 applies made by the contractor to that sub-contractor during the year,
 - (iii) the total amount, if any, included in those payments which the contractor is satisfied represents the direct cost to any person other than the contractor of materials used in carrying out the construction operations to which the contracts under which the payments were made related, and
 - (iv) the total amount deducted from the payments in sub-paragraph (ii) under section 559.

(6) The particulars specified in this paragraph are—

(25) 1988 c. 1. Section 559 was amended by paragraph 1 of Schedule 27, and Part VIII(21) of Schedule 29, to the Finance Act 1995, by section 54(5) of the Finance Act 1997 (c. 16), by paragraph 2(1) of Schedule 8 to the Finance Act 1998, and by S.I. 1989/2405 (N.I.19).

- (a) the total amount of contract payments made by the contractor during the year, to companies excepted from section 559, which hold a sub-contractor's tax certificate in the form numbered CIS5 in Schedule 1 to these Regulations; and
 - (b) the total amount of contract payments made by the contractor during the year, to persons excepted from section 559, who hold a sub-contractor's tax certificate in the form numbered CIS6 in that Schedule.
- (7) The return required by paragraph (2) shall be supported by the particulars specified in paragraph (8).
- (8) The particulars specified in this paragraph are—
- (a) a list of all companies excepted from section 559, who hold a sub-contractor's tax certificate in the form numbered CIS5 in that Schedule, to which the contractor made any contract payment during the year;
 - (b) a list of all persons excepted from section 559, which hold a sub-contractor's tax certificate in the form numbered CIS6 in that Schedule to whom the contractor made any contract payment during the year; and
 - (c) in respect of each of the sub-contractors mentioned in sub-paragraphs (a) and (b) —
 - (i) the distinctive reference number taken from that sub-contractor's tax certificate, and
 - (ii) the total amount paid by the contractor to that sub-contractor in that year, in relation to which the sub-contractor was excepted from section 559.
- (9) The particulars specified in paragraphs (5) and (8) either—
- (a) shall be contained in a document provided by the Board for that purpose or approved by the Board, which shall accompany the relevant return, or
 - (b) not later than the end of the day on which the relevant return is rendered, shall be transmitted electronically to the inspector or collector to whom the return is rendered.
- (10) The returns required by paragraphs (1) and (2) shall include a declaration and certificate in the form approved by the Board, stating that—
- (a) all particulars required to be provided for the year in accordance with this regulation have been provided, and
 - (b) those particulars are complete and accurate to the best of the contractor's knowledge and belief.
- (11) A contractor shall make and keep such records as will enable him to comply with the requirements specified in paragraphs (1) to (10) above.
- (12) Where the contractor is a company, the declaration and certificate mentioned in paragraph (10) shall be signed either by the secretary or by a director of the company.
- (13) If a contractor has failed to pay the total amount which he is liable under these Regulations to pay to the collector within 14 days of the end of any year, the collector may prepare a certificate showing the amount remaining unpaid for that year.
- (14) Paragraphs (1) to (5) of regulation 19 shall apply to the amount shown on a certificate under paragraph (13) with the modification that summary proceedings for the recovery of that amount or such part of it as remains unpaid may be brought at any time before the expiry of—
- (a) twelve months after the date limited for delivery of the return mentioned in paragraph (1), or

(b) if that return is not delivered by that date, the expiry of twelve months after its delivery.

(15) A certificate of the collector under paragraph (13) that the amount mentioned for that year has not been paid to him, or, to the best of his knowledge and belief, to any other collector, or to any person acting on his behalf or on behalf of another collector, shall be sufficient evidence that the sum mentioned in the certificate is unpaid and is due to the Crown.

(16) Section 98A of the Management Act(26) shall apply to the provisions of paragraphs (1) and (3) to (5), requiring a return to be made.”.

34.—(1) Regulation 41 shall be amended as follows.

(2) In paragraph (2)—

(a) for the words “regulations 35 to 37” there shall be substituted “regulation 35”,

(b) for “40” there shall be substituted “40A”;

(c) at the end of sub-paragraph (a), there shall be added—

“(iii) relating to amounts falling within regulation 40A(6)(a) or (b); or.”

(3) In paragraph (3), the words from “other than a certificate” to “Schedule 1” shall be omitted.

(4) After paragraph (4) the following paragraphs shall be inserted—

“(4A) Every person who applies for a sub-contractor’s tax certificate, whenever called upon to do so by an authorised officer of the Board, shall produce the records specified in paragraph (4B) to that officer, at such time as that officer may reasonably require, at the prescribed place.

(4B) The records specified in this paragraph are documentary evidence of contract payments, or of construction contract payments, or of the direct cost of materials, or costs of materials, included in either of such payments.”

(5) In paragraph (5), for “(1) and (3)” there shall be substituted “(1), (3) and (4A)”.

(6) In paragraphs (6), (8), (10) and (14), for “(1) to (4)” there shall be substituted “(1) to (4B)”.

35. After regulation 44 the following regulation shall be inserted—

“Electronic transmission

44A.—(1) Where a document or particulars are transmitted electronically pursuant to regulations 7(4)(b), 37A(2)(b) or 40A(9)(b), a printed out version of the document or particulars transmitted electronically on that occasion, certified to be such by an officer of, or person nominated by, the Board, shall be conclusive evidence, unless the contrary is proved, that that document or particulars—

(a) was transmitted electronically on that occasion, and

(b) constitutes the entirety of what was transmitted on that occasion.

(2) Any document purporting to be a certificate in accordance with paragraph (1) shall be deemed to be such a certificate unless the contrary is proved.”

36. In regulation 45, paragraph (2) shall be omitted.

Amendments to the Schedules to the principal Regulations

37. The following Schedule shall be inserted before Schedule 1—

(26) 1970 c. 9. Section 98A was inserted by section 165 of the Finance Act 1989 (c. 26).

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“SCHEDULE A1

Regulation 3A

BODIES TO WHICH SUBSECTION (2) OF SECTION 560 APPLIES

1. Any NHS trust
 2. The Corporate Officers of the House of Commons and the House of Lords”
- 38.** For Schedules 1 and 2, the following Schedule shall be substituted—

FORMS OF SUB-CONTRACTOR'S TAX CERTIFICATES, TAX PAYMENT VOUCHERS, GROSS PAYMENT VOUCHERS, CONSTRUCTION GROSSPAYMENT VOUCHERS AND REGISTRATION CARDS

Form CIS6 Reverse

This certificate may be used only by the authorised user in conjunction with subcontractors vouchers issued to him. It must be surrendered on demand by the Inland Revenue. If found please hand in at any Police Station or any Income Tax Office.


Any misuse of this certificate, including allowing any other person to use it, is a serious offence which may lead to penalties or prosecution.

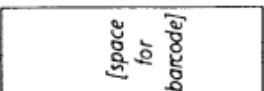
Form CIS5 Reverse

This certificate may be used only by the Company named on it. It must be surrendered on demand by the Inland Revenue. If found please hand in at any Police Station or any Income Tax Office.

Any misuse of this certificate, including allowing any other person to use it, is a serious offence which may lead to penalties or prosecution.

Form CIS6 Face

Revenue  **Subcontractors Tax Certificate**

 [space for barcode]

Certificate Number: [space for number]

NI Number: [space for number]

Start date: [space for date] Expires end: [space for date]

Authorised user: [space for name]


Acting for: [space for name]

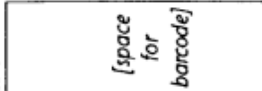
Trading as: [space for name]

Authorised user: [space for signature image]

CIS6(BMSD8/98)

Form CISS Face

Revenue  **Construction Tax Certificate**

 [space for barcode]

Certificate Number: [space for original or copy]

Company Registration Number: [space for number]

Start date: [space for date] Expires end: [space for date]

Issued to: [space for name]

Trading as: [space for name]

Company Secretary: [space for signature image]

CISS(BMSD8/98)

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Form CIS4(P) Reverse

This card may be used only by the named user. It must be surrendered on demand by the Inland Revenue. If found please hand in at any Police Station or any Income Tax Office.

Any misuse of this card, including allowing any other person to use it, is a serious offence which may lead to penalties or prosecution.

Form CIS4(T) Reverse

This card may be used only by the named user. It must be surrendered on demand by the Inland Revenue. If found please hand in at any Police Station or any Income Tax Office.

Any misuse of this card, including allowing any other person to use it, is a serious offence which may lead to penalties or prosecution.

Form CIS4(P) Face

Revenue Registration Card

Card Number: [space for number]

NI Number: [space for number]

Authorised user: [space for name]

Acting for: [space for name]

Trading as: [space for name]

Authorised user: [space for signature image]

CIS4(P)(BMSD8/98)

[space for barcode]

[Space for photo image]

Form CIS4(T) Face

Revenue Temporary Registration Card

Card Number: [space for number]

Expires end: [space for date]

Authorised user: [space for name]

Acting for: [space for name]

Trading as: [space for name]

Authorised user: [space for signature image]

CIS4(T)(BMSD8/98)

[space for barcode]


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Construction Gross Payment Voucher CIS23 - Manual (M) and Continuous (I) versions


Form CIS23(M) and CIS23(I)

Page 1 Face

 Revenue <i>Construction Industry Scheme</i>		Construction Gross Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Certificate number	[space for number]
[space for name of Contractor]		It covers payments within the month to	0 5 [space for date]
complete and certify this voucher in respect of payment to Name of Subcontractor to be inserted by Contractor		Gross payment £	[space for amount]
[space for name of Subcontractor]		Contractor's signature	[space for signature]
Contractor tax reference	[space for number]	Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	
CIS23 (BMSD 7/98)	Inland Revenue copy		

Form CIS23(M) and CIS23(I)

Page 2 Face

 Revenue <i>Construction Industry Scheme</i>		Construction Gross Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Certificate number	[space for number]
[space for name of Contractor]		It covers payments within the month to	0 5 [space for date]
complete and certify this voucher in respect of payment to Name of Subcontractor to be inserted by Contractor		Gross payment £	[space for amount]
[space for name of Subcontractor]		Contractor's signature	[space for signature]
Contractor tax reference	[space for number]	Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	
CIS23 (BMSD 7/98)	Contractor copy		

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Subcontractors Gross Payment Voucher CIS24
Form CIS24

Page 1 Face

Revenue Construction Industry Scheme		Subcontractors Gross Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Reference number	[space for number]
[space for name of Contractor]		Subcontractors National Insurance number	[space for number]
I certify that I am the holder of a Gross Payment Certificate number aside, which I have produced to		It covers payments within the month to	0 5 [space for date]
[space for name of Subcontractor]		Gross amount of payment	£ [space for amount]
Contractor name to be inserted by Subcontractor			
Contractor tax reference	[space for number]	Subcontractor's signature	[space for signature]
CIS24 (BMSD 7/98)	Inland Revenue copy	Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	

Form CIS24

Page 2 Face

Revenue Construction Industry Scheme		Subcontractors Gross Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Reference number	[space for number]
[space for name of Contractor]		Subcontractors National Insurance number	[space for number]
I certify that I am the holder of a Gross Payment Certificate number aside, which I have produced to		It covers payments within the month to	0 5 [space for date]
[space for name of Subcontractor]		Gross amount of payment	£ [space for amount]
Contractor name to be inserted by Subcontractor			
Contractor tax reference	[space for number]	Subcontractor's signature	[space for signature]
CIS24 (BMSD 7/98)	Subcontractor copy	Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	

Form CIS24

Page 2 Reverse

[space for Subcontractors name and address, to be inserted by Printer]
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Form CIS24


Page 3 Face

Revenue Construction Industry Scheme		Subcontractors Gross Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Reference number	[space for number]
[space for name of Contractor]		Subcontractors National Insurance number	[space for number]
I certify that I am the holder of a Gross Payment Certificate number aside, which I have produced to		It covers payments within the month to	0 5 [space for date]
[space for name of Subcontractor]		Gross amount of payment	£ [space for amount]
Contractor name to be inserted by Subcontractor			
Contractor tax reference	[space for number]	Subcontractor's signature	[space for signature]
CIS24 (BMSD 7/98)	Contractor copy	Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	

Tax Payment Voucher CIS25(E)

Form CIS25(E)

Page 1 Face


 Revenue Construction Industry Scheme		Tax Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Card holder	[space for number] <input type="checkbox"/>
	[space for name of Contractor]	National Insurance number	[space for number]
complete and certify this voucher in respect of payment to Name of Subcontractor to be inserted by Contractor		It covers payments within the month to	0 : 5 [space for date]
	[space for name and address of Subcontractor]	Gross amount of payment	£ [space for amount] (excl VAT)
		Less cost of materials	£ [space for amount] (excl VAT)
		Amount liable to deduction	£ [space for amount]
		Amount deducted	£ [space for amount] : P
Contractor tax reference	[space for number]	Contractor's signature	[space for signature]
CIS25(E)(BMSD 7/98) [space for sequential number] [space for "Subcontractor Copy"]		Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	

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Tax Payment Voucher CIS25(I)


Form CIS25(I)

Page 1 Face

 Revenue Construction Industry Scheme		Tax Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Card holder	[space for number]
	[space for name of Contractor]	National Insurance number	[space for number]
complete and certify this voucher in respect of payment to Name of Subcontractor to be inserted by Contractor		It covers payments within the month to	0 5 [space for date]
	[space for name and address of Subcontractor]	Gross amount of payment	£ [space for amount] (excl VAT)
Contractor tax reference	[space for number]	Less cost of materials	£ [space for amount] (excl VAT)
CIS25(I)(BMSD 7/98)	[space for "Inland Revenue Copy"]	Amount liable to deduction	£ [space for amount]
		Amount deducted	£ [space for amount] : : P
		Contractor's signature	[space for signature]
		Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	


Form CIS25(I)

Page 2 Face

 Revenue Construction Industry Scheme		Tax Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Card holder	[space for number]
	[space for name of Contractor]	National Insurance number	[space for number]
complete and certify this voucher in respect of payment to Name of Subcontractor to be inserted by Contractor		It covers payments within the month to	0 5 [space for date]
	[space for name and address of Subcontractor]	Gross amount of payment	£ [space for amount] (excl VAT)
Contractor tax reference	[space for number]	Less cost of materials	£ [space for amount] (excl VAT)
CIS25(I)(BMSD 7/98)	Subcontractor copy	Amount liable to deduction	£ [space for amount]
		Amount deducted	£ [space for amount] : : P
		Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	

Form CIS25(I)

Page 3 Face

 Revenue Construction Industry Scheme		Tax Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Card holder	[space for number]
	[space for name of Contractor]	National Insurance number	[space for number]
complete and certify this voucher in respect of payment to Name of Subcontractor to be inserted by Contractor		It covers payments within the month to	0 5 [space for date]
	[space for name and address of Subcontractor]	Gross amount of payment	£ [space for amount] (excl VAT)
Contractor tax reference	[space for number]	Less cost of materials	£ [space for amount] (excl VAT)
CIS25(I)(BMSD 7/98)	Contractors copy	Amount liable to deduction	£ [space for amount]
		Amount deducted	£ [space for amount] : : P
		Contractor's signature	[space for signature]
		Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	

Tax Payment Voucher CIS25(M)

Form CIS25(M)

Page 1 Face

		Tax Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Card holder	[space for number]
L	[space for name of Contractor]	National insurance number	[space for number]
complete and certify this voucher in respect of payment to Name of Subcontractor to be inserted by Contractor		It covers payments within the month to	0 5 [space for date]
[space for name and address of Subcontractor]		Gross amount of payment	£ [space for amount] (excl VAT)
Contractor tax reference [space for number]		Less cost of materials	£ [space for amount] (excl VAT)
CIS25(M)(BMSD 7/98) [space for "Inland Revenue Copy"]		Amount liable to deduction	£ [space for amount]
		Amount deducted	£ [space for amount] : : P
		Contractor's signature	[space for signature]
		Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	

Form CIS25(M)

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		Tax Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Card holder	[space for number]
L	[space for name of Contractor]	National insurance number	[space for number]
complete and certify this voucher in respect of payment to Name of Subcontractor to be inserted by Contractor		It covers payments within the month to	0 5 [space for date]
[space for name and address of Subcontractor]		Gross amount of payment	£ [space for amount] (excl VAT)
Contractor tax reference [space for number]		Less cost of materials	£ [space for amount] (excl VAT)
CIS25(M)(BMSD 7/98) Subcontractor copy		Amount liable to deduction	£ [space for amount]
		Amount deducted	£ [space for amount] : : P
		Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	

Form CIS25(M)

Page 3 Face

		Tax Payment Voucher <input type="checkbox"/>	
Voucher number	[space for number]	Card holder	[space for number]
L	[space for name of Contractor]	National insurance number	[space for number]
complete and certify this voucher in respect of payment to Name of Subcontractor to be inserted by Contractor		It covers payments within the month to	0 5 [space for date]
[space for name and address of Subcontractor]		Gross amount of payment	£ [space for amount] (excl VAT)
Contractor tax reference [space for number]		Less cost of materials	£ [space for amount] (excl VAT)
CIS25(M)(BMSD 7/98) Contractors copy		Amount liable to deduction	£ [space for amount]
		Amount deducted	£ [space for amount] : : P
		Contractor's signature	[space for signature]
		Any person involved in the misuse of this document is liable to prosecution <input type="checkbox"/>	

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23rd October 1998

Nick Montagu
G H Bush
Two of the Commissioners of Inland Revenue

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations further amend the Income Tax (Sub-contractors in the Construction Industry) Regulations 1993 (S.I.1993/743 as amended by S.I. 1995/217, 448, 1996/981 (“the principal Regulations”)). These amendments carry into effect the new “Construction Industry Scheme” for the taxation of sub-contractors in the construction industry.

The main effect of these Regulations is that sub-contractors applying for a certificate under section 561 of the Income and Corporation Taxes Act 1988 (c. 1) have to meet the turnover thresholds provided for by regulations 21A to 21E, inserted by regulation 14 of these Regulations. These Regulations also make provision for sub-contractors who do not hold such certificates to hold registration cards (regulations 7A to 7F, inserted by regulation 8(1)).

The amendments have effect for most purposes from 1st August 1999, but also for earlier applications for sub-contractors' tax certificates valid on or after that date (see regulations 1 and 8(2)).

Regulation 1 provides for citation, commencement and effect.

Regulations 2 and 3 provide for interpretation.

Regulation 4 inserts a new definition regulation 3 in the principal Regulations, and a new regulation 3A which designates bodies deemed to be a contractor under sections 559(1) and 560(2) (ea) of the Income and Corporation Taxes Act 1988 (“the Taxes Act”).

Regulations 5 and 6 revoke regulations 5 and 6 of the principal Regulations.

Regulation 7 makes amendments to the requirements relating to what were formerly called deduction certificates (SC60's), to be known as tax payment vouchers under the new Construction Industry Scheme.

Regulation 8 inserts regulations 7A to 7F, making provision for registration cards. Regulations 7A to 7E have effect on or after 23rd November 1998.

Regulations 9 and 10 revoke regulations 11 (in relation to any period after 31st July 1999) and 13 of the principal Regulations.

Regulation 11 provides that regulation 20 of the principal Regulations shall cease to have effect, except in relation to companies in the period prior to Corporation Tax self-assessment.

Regulation 12 inserts a new regulation 20A, making provision for in-year repayments of tax.

Regulation 13 inserts a new regulation 20B, making provision for contracts relating to small amounts to be excepted from section 559 of the Taxes Act.

Regulation 14 inserts new regulations 21A to 21E, making provision for the new “turnover thresholds” for sub-contractors applying for a certificate under section 561 of the Taxes Act.

Regulations 15 and 16 amend regulations 22 and 23 of the principal Regulations, relating to proof of compliance with section 562(8) of the Taxes Act.

Regulation 17 inserts new regulations 23A and 23B, making further provision relating to the proof of such compliance.

Regulation 18 makes amendments relating to the form of sub-contractors' tax certificates and regulations 19, 20 and 21 make provision relating to the issue, validity and production of such certificates.

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Regulation 22 makes amendments relating to the form of vouchers, to be known as “gross payment vouchers” (CIS24's) under the new Construction Industry Scheme.

Regulations 23 and 24 revoke regulations 30 and 32 of the principal Regulations.

Regulation 25 makes amendments to the requirements to produce and verify a sub-contractor’s tax certificate.

Regulation 26 inserts a new regulation 35, relating to the completion of gross payment vouchers by sub-contractors.

Regulations 27 and 28 revoke regulations 36 and 37 of the principal Regulations.

Regulation 29 inserts a new regulation 37A, relating to the completion of construction gross payment vouchers where the sub-contractor is a company with a sub-contractor’s tax certificate in the special CIS5 form.

Regulation 30 makes amendments relating to the completion of gross payment vouchers.

Regulation 31 makes amendments relating to the return of gross payment vouchers and construction gross payment vouchers.

Regulation 32 revokes regulation 40 of the principal Regulations, in relation to any period after 31st July 1999.

Regulation 33 inserts a new regulation 40A, relating to an annual return by contractors, of payments made either subject to deduction of tax, or not so subject.

Regulation 34 makes amendments relating to the inspection of records of contractors and sub-contractors.

Regulation 35 makes provision for the electronic transmission of documents or particulars pursuant to reporting requirements.

Regulation 36 revokes regulation 45(2) of the principal Regulations.

Regulation 37 inserts Schedule A1 in the principal Regulations, listing the bodies designated under section 560(2)(ea) of the Taxes Act.

Regulation 38 inserts a new Schedule 1, containing representations of documentation under the new Construction Industry Scheme. Regulation 38 also revokes schedule 2 of the principal Regulations.