

EXPLANATORY MEMORANDUM TO
THE INCOME TAX (CONSTRUCTION INDUSTRY SCHEME) (AMENDMENT No. 2)
REGULATIONS 2008

2008 No. 1282

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs and is laid before Parliament by Command of Her Majesty.

2. Description

These Regulations make certain amendments to the Income Tax (Construction Industry Scheme) Regulations 2005 (SI 2005/2045) ("the principal Regulations").

3. Matters of special interest to the Joint Committee on Statutory Instruments

None

4. Legislative Background

4.1 Chapter 3 of Part 3 of the Finance Act 2004 established a new construction industry scheme, which took effect from 6 April 2007 (see SI 2006/3240). Under powers contained within that Chapter, the principal Regulations were made and laid on 25 July 2005. These Regulations, made under powers contained in paragraphs 4(3), 8(2) and 12(2) of schedule 11 to the Finance Act 2004, amend Regulation 32 of the principal Regulations.

4.2 Regulation 32 of the principal Regulations sets out, in table 3, the circumstances in which an applicant for registration for gross payment can be treated by HM Revenue and Customs as satisfying particular obligations. These Regulations add to table 3 a further circumstance in which an obligation might be treated as satisfied. It allows HM Revenue & Customs to treat an obligation to pay any amount as satisfied where the amount concerned is less than £100, whether the amount was paid late or remains unpaid.

5. Territorial Extent and Application

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

Applicants seeking to be registered for gross payment must, in the previous 12 months, have met all their tax obligations in full and on time. However, an obligation can be treated as having been met in the circumstances set out in table 3. This addition to table 3 allows HM Revenue & Customs, in considering applicants' compliance with their

obligations, to disregard a failure to pay any amount of less than £100 by the due date, whether it is unpaid or has been paid late. That allows applicants to pass the compliance test even though they have failed to meet an obligation to pay an amount, where that amount is small.

8. Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.

8.2 There is no impact on the public sector.

9. Contact

Ray Bourley at HM Revenue & Customs, Tel: 020 7147 3657 or e-mail: ray.bourley@hmrc.gsi.gov.uk can answer any queries regarding the instrument.