
STATUTORY INSTRUMENTS

2021 No. 321

The Income Tax (Construction Industry Scheme) (Amendment) Regulations 2021

PART 1

Introduction

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Income Tax (Construction Industry Scheme) (Amendment) Regulations 2021 and come into force on 6th April 2021.

(2) Regulations 5 to 8 have effect in relation to any direct costs to a sub-contractor⁽¹⁾ of materials⁽²⁾ where—

- (a) the materials are used or are to be used to carry out a construction operation⁽³⁾, and
- (b) the costs are incurred on or after 6th April 2021.

(3) Part 3 of these Regulations has effect in relation to any set-off claim⁽⁴⁾ which—

- (a) is contained in an employer return submitted on or after 6th April 2021, and
- (b) is made in respect of the tax year 2021-22 or any subsequent tax year.

(1) For the purposes of Chapter 3 of Part 3 of the 2004 Act, “sub-contractor” is defined at section 58 of the 2004 Act.

(2) With the amendments made by clause 30 of, and paragraph 4 of Schedule 6 to, the Finance (No. 2) Bill, and given effect by Budget resolution no. 27 recorded in the House of Commons Votes and Proceedings for the 9th March 2021, section 61(1) of the 2004 Act provides that, on making a contract payment, the contractor (see section 57(3) of the 2004 Act for definition) must deduct from it a sum equal to the relevant percentage of so much of the payment as is not shown to represent the direct cost to the sub-contractor of materials used or to be used in carrying out the construction operations to which the contract under which the payment is to be made relates.

(3) “Construction operation” is defined at section 74 of the 2004 Act.

(4) A new subsection (3C) will be inserted into section 62 of the 2004 Act by Clause 30 of, and paragraph 6 of Schedule 6 to, the Finance (No. 2) Bill and is given effect by Budget resolution no. 27 recorded in the House of Commons Votes and Proceedings for 9th March 2021. The new section 62(3C) will define “set-off claim” as “a claim for treating a sum deducted under section 61 [of the 2004 Act] as paid on account of any relevant liabilities”.