

1999 No. 2159

INCOME TAX

The Income Tax (Sub-contractors in the Construction Industry) (Amendment No. 2) Regulations 1999

Made - - - - *29th July 1999*

Laid before the House of Commons *29th July 1999*

Coming into force *1st August 1999*

The Commissioners of Inland Revenue, in exercise of the powers conferred on them by sections 560(2)(ea), 562(2A), 564(2A) and (2B), 565(2A) and (2B) and 566 of the Income and Corporation Taxes Act 1988(a), hereby make the following Regulations:

Citation and commencement

1.—(1) These Regulations may be cited as the Income Tax (Sub-contractors in the Construction Industry) (Amendment No. 2) Regulations 1999.

(2) These Regulations shall come into force on 1st August 1999.

Interpretation

2. In these Regulations “the principal Regulations” means the Income Tax (Sub-contractors in the Construction Industry) Regulations 1993(b) and “regulation” and “Schedule” mean a regulation, or Schedule, as the case may be, of those Regulations.

Amendments to the principal Regulations

3. In regulation 2(2) the reference to “construction contract payments”(c) shall be omitted.

4.—(1) Regulation 21C(c) shall be amended as follows.

(2) In paragraph (1)(c) for the words from “contract payments” where they first appear to “evidence of” where they secondly appear there shall be substituted the words “relevant payments and”.

(3) In paragraph (2)—

(a) in the words preceding sub-paragraph (a) after “21D” there shall be inserted “, 21E”.

(b) in sub-paragraph (a) for the words from “to any person” to the end there shall be substituted the words “referred to in section 562(2B)”; and

(a) 1988 c. 1. Section 560(2)(ea) was inserted by paragraph 2(1)(b) of Schedule 27 to the Finance Act 1995 (c. 4). Section 562(2A) was inserted by paragraph 4(3) of Schedule 27 to the Finance Act 1995. Section 564(2A) and (2B) were inserted by paragraph 6 of Schedule 27 to the Finance Act 1995, and amended by paragraph 3 of Schedule 8 to the Finance Act 1998 (c. 36), and section 53 of the Finance Act 1999 (c. 16). Section 565(2A) and (2B) were inserted by paragraph 7(1) of Schedule 27 to the Finance Act 1995, and amended by paragraph 4 of Schedule 8 to the Finance Act 1998 and section 53 of the Finance Act 1999. 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).

(b) S.I. 1993/743; amended by S.I. 1995/217, 448, 1996/981, 1998/2622, 1999/825.

(c) Inserted by S.I. 1998/2622.

(c) in sub-paragraph (b) for the words from “contract payments” to the end there shall be substituted the words “relevant payments”.

5. In regulation 21D(1)(c)(a) for the words from “contract payments” where they first appear to “evidence of” where they secondly appear there shall be substituted the words “relevant payments and”.

6. In regulation 21E(a)–

(a) in paragraphs (1)(a) and (b) and (2) for the words “construction contract payments” wherever they occur there shall be substituted the word “turnover”;

(b) in paragraph (1)(c) for the words “construction contract payments” there shall be substituted the words “relevant payments”; and

(c) in paragraph (2) before the word “cost” the word “direct” shall be inserted.

7. In regulation 23A(4)(a) for “2” there shall be substituted “(2)”.

8. In regulation 41(4B)(a)–

(a) for the words “contract payments, or of construction contract payments” there shall be substituted the words “relevant payments”; and

(b) the words “, or costs of materials” to the end shall be omitted.

9. In Schedule A1(a) (which specifies the bodies designated as those to which subsection (2) of section 560 of the Income and Corporation Taxes Act 1988(b) applies) there shall be added at the end (as additional bodies so designated)–

“3. Health and Social Services trusts established under Article 10 of the Health and Personal Social Services (Northern Ireland) Order 1991(c)”.

10. In Schedule 1(d)–

(a) in the form designated CIS24, on Pages 1 Face to 3 Face, the words “number aside” shall be omitted and the words “[space for name of Contractor]” and “[space for name of Subcontractor]” shall be substituted for each other;

(b) in the forms designated CIS25(E), CIS25(I) and CIS25(M) for the words “Card holder” there shall be substituted the words “Card number”.

Nick Montagu
S C T Matheson

29th July 1999

Two of the Commissioners of Inland Revenue

(a) Inserted by S.I. 1998/2622.

(b) 1988 c. 1. Section 560(2) was amended by paragraph 2 of Schedule 27 to the Finance Act 1995.

(c) S.I. 1991/194 (N.I. 1).

(d) Substituted by S.I. 1998/2622.

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, 1998/2622 and 1999/825) (“the principal Regulations”). The main effect of these Regulations is to mirror the changes in primary legislation made by section 53 of the Finance Act 1999 (“section 53”), by broadening the scope of the “turnover tests” in regulations 21A to 21E of the principal Regulations, to allow sub-contractors to count all of their construction income (net of materials) for the purposes of the turnover tests. These Regulations therefore replace existing references to “construction contract payments” and “contract payments” (where relevant) with references to “relevant payments” (as defined in section 53) and “turnover”.

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