

2008 No. 740

INCOME TAX

**The Income Tax (Construction Industry Scheme) (Amendment)
Regulations 2008**

<i>Made</i>	- - - -	<i>13th March 2008</i>
<i>Laid before the House of Commons</i>		<i>14th March 2008</i>
<i>Coming into force</i>	- -	<i>6th April 2008</i>

The Commissioners for Her Majesty's Revenue and Customs(a), make the following Regulations in exercise of their powers in section 71 of the Finance Act 2004(b):

Citation and commencement

1. These Regulations may be cited as the Income Tax (Construction Industry Scheme) (Amendment) Regulations 2008 and shall come into force on 6th April 2008.

Amendment of the Income Tax (Construction Industry Scheme) Regulations 2005

2. The Income Tax (Construction Industry Scheme) Regulations 2005(c) are amended as follows.

3. In regulation 2 (interpretation), insert the following definitions in the appropriate places—

“combined amount” means an amount which includes an amount the contractor is liable to pay under these regulations and one or more of the following—

- (a) earnings-related contributions due under the SSC Regulations;
- (b) tax due under the PAYE Regulations;
- (c) payments of repayments of student loans due under the Student Loan Regulations;

”;

“SSC Regulations” means the Social Security (Contributions) Regulations 2001(d);”;

“Student Loan Regulations” means the Education (Student Loans) (Repayment) Regulations 2000(e) or, in Northern Ireland, the Education (Student Loans) (Repayment) Regulations (Northern Ireland) 2000(f);”.

(a) The functions of the Commissioners of Inland Revenue were transferred to the Commissioners for Her Majesty's Revenue and Customs by section 5(2) of the Commissioners for Revenue and Customs Act 2005 (c.11). Section 50 of that Act provides that in so far as it is appropriate in consequence of section 5, a reference in an enactment, however expressed, to the Commissioners of Inland Revenue is to be treated as a reference to the Commissioners for Her Majesty's Revenue and Customs.

(b) 2004 c.12. There have been several amendments, but none is relevant.

(c) S.I. 2005/2045; amended by S.I. 2007/672.

(d) S.I. 2001/1004; none of the amendments is relevant.

(e) S.I. 2000/944; relevant amending instruments are S.I. 2001/971, 2002/2087, 2002/2859, 2004/1175, 2004/2752, 2005/2690 and 2007/1683.

(f) S.I. 2001/1004; none of the amendments is relevant.

4. In paragraph (3)(b) of regulation 7 (payment, due date for payment of amounts deducted and receipts), for “Pay As You Earn Regulations” substitute “PAYE Regulations”(a).

5. In paragraph (4) of regulation 8 (quarterly tax periods), omit the definitions of “SSC Regulations” and “Student Loan Regulations”.

6.—(1) Regulation 11 (notice and certificate if amount may be unpaid) is amended as follows.

(2) In paragraph (4)—

(a) after the words “on consideration of the contractor’s record of past payments” insert “whether of deductions under section 61 of the Act (deductions on account of tax from contract payments) or of combined amounts”(b) ;

(b) in sub-paragraph (a) after the words “the amount” insert “due under regulation 7 or a combined amount”; and

(c) in sub-paragraph (b) for the word “that” substitute “the specified”.

(3) In paragraph (6), substitute for sub-paragraph (a)—

“(a) claims that any payment made in respect of the tax period specified in the notice is or includes the full amount the contractor is liable to pay under regulation 7, but”.

(4) In paragraph (8)(a) after the words “the amount unpaid is treated as” insert “, or including,”.

(5) In paragraph (10) after the words “contractor pays an amount” insert “of deductions under section 61 of the Act, whether separately or as part of a combined amount,”.

(6) In paragraph (11) after the words “set off the excess” insert “of deductions under section 61 of the Act”.

7.—(1) Regulation 16 (recovery of amounts unpaid and interest) is amended as follows.

(2) In paragraph (2) after the words “the recovery of the unpaid amount” insert “or combined amount and any interest on it”.

(3) In paragraph (3), in the second column of item 1 in Table 1 (regulation 10(6), 11(8) and 13(2)), in sub-paragraph (a), after the words “the date on which the unpaid amount” insert “or combined amount and any interest on it”.

(4) In paragraph (4) after the words “the unpaid amount” insert “or unpaid combined amount and any interest on it”.

(5) In paragraph (5) after the words “The unpaid amount” insert “or unpaid combined amount and any interest on it”.

8.—(1) Regulation 57 (certificate that sum due) is amended as follows.

(2) After paragraph (2) insert—

“(2A) An officer of Revenue and Customs may prepare a certificate showing the whole or part of a combined amount which includes deductions under section 61 of the Act without specifying the components of the combined amount.

Paragraph (1) shall apply with any necessary modifications to the certificate.”.

(3) In paragraph (3) after the words “interest payable under”, omit the word “the”.

(4) After paragraph (3) insert—

“(3A) An officer of Revenue and Customs may prepare a certificate showing the total amount of interest payable in respect of the whole or any component of the combined amount without specifying which component of the combined amount the interest relates to.

Paragraph (3) shall apply with any necessary modifications to the certificate.”.

(a) Regulation 2 of the Income Tax (Construction Industry Scheme) Regulations 2005 defines “the PAYE Regulations” as meaning the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682).

(b) Regulation 2 of the Income Tax (Construction Industry Scheme) Regulations 2005 defines “the Act” as meaning the Finance Act 2004 (c. 12).

(5) In paragraph (5) for the words “paragraph (1) or (3)” substitute “this regulation”.

Mike Hanson

Steve Lamey

13th March 2008

Two of the Commissioners for Her Majesty’s Revenue and Customs

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Income Tax (Construction Industry Scheme) Regulations 2005 (“the CIS Regulations”), making changes to the way Her Majesty’s Revenue and Customs may recover deductions on account of tax due under the construction industry scheme. Similar changes have recently been made in relation to earnings-related contributions (by the Social Security (Contributions) (Amendment No.3) Regulations 2008) and tax due under PAYE (by the Income Tax (Pay As You Earn) (Amendment) Regulations 2008). It is expected that similar amendments will be made to the student loans repayment regulations applying in both Great Britain and Northern Ireland.

Regulation 3 inserts new definitions of “combined amount”, “SSC Regulations” and “Student Loan Regulations” in regulation 2 of the CIS Regulations. In fact, the latter two are definitions that appear in regulation 8(4), but they only applied to that regulation, rather than throughout. The opportunity is taken to correct typographical errors in the definitions. Regulation 8(4) is omitted accordingly (by regulation 5).

Regulation 4 corrects an error discovered in regulation 7 of the CIS Regulations.

Regulation 6 amends regulation 11 of the CIS Regulations so that an officer of Revenue and Customs may specify and certify a “combined amount”. This is an unpaid amount of deductions, together with amounts of earnings-related contributions, PAYE and student loan deductions that the contractor is required to pay over to Revenue and Customs.

Regulation 7 amends regulation 16 of the CIS Regulations to enable Revenue and Customs to take proceedings for combined amounts specified under regulation 11 and interest, without the need to identify each individual component.

Regulation 8 amends regulation 57 to enable certificates to be prepared in respect of combined amounts and interest due on those combined amounts.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

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