

Working together for a New Scheme (CIS)

The Chancellor's pre-budget report on 27 November 2002 revealed proposals to reform the Construction Industry Scheme. The Inland Revenue subsequently published their consultative document "The Inland Revenue and the Construction Industry – Working Together for a New Scheme".

The Government are responding to concerns in the industry regarding the cumbersome processes and the cost to business of complying with the current scheme. Three broad aims have been established that a revised scheme should meet:

1. To reduce the regulatory burden of the scheme on construction businesses;
2. To improve the level of compliance by construction businesses with their tax obligations;
3. To help construction businesses to get the employment status of their workers right.

To accomplish these aims, the main proposals are: -

1. To replace the registration cards (CIS4) and gross payment certificates (CIS6 and CIS5) used in the current scheme with a verification service;
2. To introduce a new employment status declaration;
3. To replace the vouchers in the current scheme with periodic returns;
4. To replace the current IR computer system with a new system capable of supporting the use of e-services, for example communication over the Internet and allowing the Revenue to make sure the scheme is complied with.

ECA submitted comment on the consultative document as required by 28 February 2003, incorporating comments of the Commercial, Contracts & Legal Committee and members' responses to their Regional Offices and to Circular 13 of January 2003.

As a result, ECA were invited to join the consultative panel to represent the Industry in the reform of CIS. The Construction Industry Reform Advisory Panel (CIRAP) includes representatives from the Inland Revenue and the Industry and meets on a monthly basis until the current phase of consultation is completed. A small group of ECA members provide comment on particular issues, which are carried forward to the CIRAP by Ken Tracey of the CC&L Department. (See Circular 73 of September 2003.)