

New Construction Industry Scheme

Countdown - April 2007



Representing the best in electrical
engineering and building services

New Construction Industry Scheme

Countdown - April 2007

OCT 2006	NOV 2006	DEC 2006	JAN 2007	FEB 2007	MAR 2007	APR 2007
----------	----------	----------	----------	----------	----------	-----------------

THE NEW ELECTRONIC CONSTRUCTION INDUSTRY SCHEME (CIS) WILL BE LAUNCHED IN APRIL 2007

The major changes are

- Cards and Certificates will be replaced by a verification service (via HMRC, CIS website or telephone) to confirm whether a subcontractor is registered or not and to confirm whether they should be paid gross or under deduction.
- Vouchers will be replaced by a contractor's monthly return (you must decide whether to use paper or do returns electronically) to HMRC and deduction statements (written) to subcontractors.

What you should be doing now to prepare:-

READ THE FOLLOWING HMRC DOCUMENTS NOW!

- CIS340 - Guide for Contractors and Subcontractors
- Factsheets for new CIS (CIS 341 - CIS 349)
- New CIS Updates (June and September 2006 available now, more to follow)

October 2006

DO THE FOLLOWING THIS MONTH: -

- Check HMRC have the correct contact details for your business.
- Appoint a member of staff to be in charge of new CIS and make available to them all the documents listed above.
- Be aware that the HMRC CIS Helpline is now open for your queries on employment status and the new CIS. Tel: 0845 366 7899
- The HMRC CIS website is also available and contains useful information: **www.new-cis.com**
- Check the employment status of your subcontractors. Should they be employed or self-employed? This decision must be made by the contractor, the following should assist-
 - Factsheet CIS 349
 - The online Employment Status Indicator (ESI) on **www.hmrc.gov.uk/employment-status** or call the CIS Helpline.

- Train all staff responsible for engaging subcontractors: (managers, engineers, supervisors, surveyors, buyers, etc.), to be aware of the difference between employment and self-employment and the consequences to your business if mistakes are made!
- Contact your software supplier and check - Will software be available for new CIS? Will it be available in time for you to install and trial before April 2007? Will you need to change to another supplier? What will be the cost?
- Attend an ECA presentation 'New Construction Industry Scheme',

Bournemouth and Dorset Branch, 2 November 2006.

Southampton Branch, 9 November 2006.

Details for both events from the ECA Central South Region Office, Tel: 01635 237 679

Central Essex Branch, 22 November 2006.

Details ECA East Region Office, 01284 754605

SW Essex Branch, 29 November 2006.

Details ECA Greater London Region Office, 01708 330710

- Attend an HMRC Business Advice Open Day
 - 2 November - Norwich
 - 16 November - Llangollen
 - 21 November - Manchester
 - Details: www.businessadviseday.co.uk
- Attend an HMRC Employer Talk
 - 1 November - Wembley
 - 21 November - Manchester
 - Details; www.hmrc.gov.uk/employers/talk.
- Book places for staff at HMRC, Business Support Teams (BST) presentations. www.new-cis.com

November 2006

DO THE FOLLOWING THIS MONTH: -

- Check your own compliance record over the last twelve months and if necessary improve performance. The **Compliance and Turnover Tests** will be applied automatically every 12 months under new CIS. Remember that the personal compliance records of Directors and Partners will be checked and any non-compliance could lose the company/partnership its gross payment status.
- This month you should receive from HMRC a list of subcontractors you have paid since April 2005. The purpose of this list is to help you prepare for the new CIS and set up your payment system. The subcontractors listed will not require verifying under the new scheme's verification system. A further updated list will be provided in March/April 2007 superseding the first list. It is important that vouchers are submitted promptly during the final months of the current scheme to ensure that all your subcontractors appear on the second list thereby reducing the number to be verified.
- Elect a responsible member of staff to sign/complete the new CIS monthly return. Remember they are also signing the **EMPLOYMENT STATUS DECLARATION** and **VERIFICATION DECLARATION** and must be made aware of their responsibilities.
- Obtain the legal name of your subcontractors; this will be the name they have registered for CIS. Trading names have no legal status. HMRC will accept, in addition, one trading name only from a company.
- Attend an ECA presentation 'New Construction Industry Scheme',

Swindon Branch, 6 December 2006.

Details from ECA Central South Regional Office, 01635 237 679.

December 2006

DO THE FOLLOWING THIS MONTH: -

- Produce a payment statement to be issued to subcontractors paid under deduction of tax. There is no HMRC format; it is the contractor's own document. There are financial penalties for not issuing this statement. It is good contractual practice to issue statements for subcontractors paid gross but not a tax obligation.
 - Keep up to date with the submission of vouchers under the current scheme.
-

January 2007

DO THE FOLLOWING THIS MONTH: -

- Register for online filing.
 - Attend an HMRC Business Advice Day.
 - 16 February - WinchesterDetails: www.businessadviseday.co.uk
-

February 2007

DO THE FOLLOWING THIS MONTH: -

- Train staff to use the subcontractor **verification system**. Decide whether you will verify electronically or by telephone?
 - Train staff to complete the **Contractor's Monthly Return**. Will you submit electronic or paper returns?
Ensure staff can correct errors on the return properly and are aware of the strict submission dates for monthly returns, i.e. by 19th of the month following the tax month that they relate to.
Ensure that they are aware that 'NIL' returns are required and that there are financial penalties for late returns.
 - Attend an HMRC Employer Talk.
 - 21 March - LondonDetails: www.hmrc.gov.uk/employers/talk
-

March 2007

DO THE FOLLOWING THIS MONTH: -

- You should receive from HMRC the second list of subcontractors that you have paid since April 2005.
 - Discard the old list.
 - Copy / Save / Preserve the new list for reference. It will save time in **NOT** verifying the listed subcontractors.
- Trial everything possible in preparation.
- You should receive your first monthly return from HMRC around 21 April 2007, look out for it and chase if you do not receive it.



Representing the best in electrical
engineering and building services

Electrical Contractors' Association
ESCA House, 34 Palace Court, London, W2 4HY
Tel 020 7313 4800 Fax 020 7221 7344
Email electricalcontractors@eca.co.uk www.eca.co.uk