

1975 No. 1960

INCOME TAX

The Income Tax (Sub-Contractors in the Construction Industry) Regulations 1975

Made - - - - - 28th November 1975

Laid Before the House of Commons 2nd December 1975

Coming into Operation—

*Regulations 1, 2, 3, 14, 15, 16, 17,
19 and 20* - - - - - 23rd December 1975

*Remainder on the day appointed
under section 68 Finance (No. 2)
Act 1975.*

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The Commissioners of Inland Revenue, in exercise of the powers conferred upon them by sections 69 and 70 of the Finance (No. 2) Act 1975(a), hereby make the following Regulations:—

PART I

GENERAL

Citation and commencement

1.—(1) These Regulations may be cited as the Income Tax (Sub-Contractors in the Construction Industry) Regulations 1975.

(2) Regulations 1, 2, 3, 14, 15, 16, 17, 19 and 20 shall come into operation on 23rd December 1975 and the remainder of these Regulations shall come into operation on the appointed day.

Interpretation

2.—(1) In these Regulations, unless the context otherwise requires—

“contract payment” means any payment such as is mentioned in the principal section;

“deduction certificate” mean the certificate specified in Regulation 6;

“national insurance number” has the same meaning as in the Social Security (Contributions) Regulations 1975(b) or the Social Security (Contributions) (Northern Ireland) Regulations 1974(c), as the case may be;

“nominee” means any person, other than the sub-contractor, nominated to receive and to whom is made a contract payment;

“registration number” in relation to a company means the distinctive number assigned to a company by the Registrar of Companies on registration under the provisions of the Companies Act 1948(d) or the Companies Act (Northern Ireland) 1960(e), as the case may be;

“sub-contractor's tax certificate” means a certificate under section 70 of the Finance (No. 2) Act 1975;

(a) 1975 c. 45.

(c) S.R. (N.I.) 1974/234.

(e) 1960 c. 22 (N.I.).

(b) S.I. 1975/492. (1975 I, p. 1516).

(d) 1948 c. 38.

“the principal section” means section 69 of the Finance (No. 2) Act 1975;

“user” means a person to whom a sub-contractor’s tax certificate has been issued, which has not expired, and includes a person authorised to use such a certificate issued to a company under Regulation 15(4);

“voucher” means the form of voucher specified in Regulation 20;

the following expressions shall have the same meaning as in the principal section—

“appointed day”

“Class 4 contributions”

“construction operations”

“contractor”

“sub-contractor”;

the following expressions have the same meaning as in the Income Tax (Employments) Regulations 1973(a) as amended—

“Collector”

“earnings related contributions”

“employee”

“income tax month”

“Inspector”

“year”;

other expressions have the same meaning as in the Income Tax Acts or the Corporation Tax Acts as the case may require.

(2) The Interpretation Act 1889(b) shall apply for the interpretation of these Regulations as it applies for the interpretation of an Act of Parliament.

Service by post

3. Any notice which is authorised or required to be given, served or issued under these Regulations may be sent by post.

Death of contractor

4. If a contractor dies, anything which he would have been liable to do under these Regulations shall be done by his personal representatives.

PART II

PAYMENTS TO SUB-CONTRACTORS NOT USING SUB-CONTRACTOR’S
TAX CERTIFICATES

Record of individual payment made and of amount deducted

5. On the making of any payment to which the principal section applies (that is to say a contract payment which is made to a person who is not excepted from that section) the contractor shall record in a form prescribed or authorised by the Commissioners of Inland Revenue the following particulars regarding that payment, namely—

(a) the name and address of the sub-contractor to whom, or to whose nominee, the payment is made;

(b) if the payment is made to a nominee, the name and address of the nominee;

(c) the date of the payment;

(d) the amount of the payment before any deduction under the principal section;

(a) S.I. 1973/334 (1973 I, p. 1147).

(b) 1889 c. 63.

- (e) the amount, if any, included in the payment which the contractor has reason to be satisfied represents the direct cost to any person of materials used or to be used in carrying out the construction operations to which the contract under which the payment is made relates;
- (f) the amount from which the principal section requires a sum to be deducted, and
- (g) the amount so deducted.

Deduction certificate to be given to sub-contractor

6.—(1) On the making of any payment to which the principal section applies, the contractor shall give to the sub-contractor a deduction certificate, in a form prescribed by the Commissioners of Inland Revenue, certifying the amount, if any, deducted from the payment under the principal section and giving such other particulars as the prescribed form may require:

Provided that where, under any one contract, the contractor makes more than one payment to the same sub-contractor the contractor may, with the agreement of the sub-contractor, instead of giving one deduction certificate under this Regulation in respect of each such payment, give one deduction certificate in respect of all the payments made under that contract to the sub-contractor within one year or within such shorter period as the sub-contractor may request, being either a period beginning at the beginning of a year and ending, if the last payment to be made under the contract has not then been made, on the date in that year to which the accounts of the sub-contractor's business are made up or a period beginning on the last mentioned date and ending, if the last payment to be made under the contract has not then been made, at the end of the year in which that date falls.

(2) On the giving of such a deduction certificate as is referred to in paragraph (1) of this Regulation, the contractor shall record the amount entered on the deduction certificate on the form referred to in Regulation 5.

Payment of amounts deducted to Collector

7.—(1) Within 14 days of the end of every income tax month the contractor shall pay to the Collector all amounts which he was liable under the principal section to deduct from payments made by him during that income tax month.

(2) The Collector shall, if so requested, give the contractor a receipt for the total amount so paid provided that no separate receipt need be given for such amount if a receipt is given for a total sum paid at the same time which includes that amount and also tax deducted under the Income Tax (Employment) Regulations 1973, as amended, or earnings related contributions or both.

(3) If the amount which a contractor is liable to pay to the Collector under paragraph (1) of this Regulation exceeds the amount, if any, actually deducted by him from payments made during the relevant month but he satisfies the Collector that he took reasonable care to comply with the provisions of the principal section and of these Regulations and that either—

(a) the under-deduction or failure to make a deduction was due to an error made in good faith, or

(b) in spite of such reasonable care as aforesaid, he had been led to the genuine belief that a payment made by him, which was one to which the principal section applies, was not or was not wholly such a payment,

then the Collector may direct that the contractor shall not be liable to pay the said excess to the Collector.

Contractor failing to pay amounts deducted to Collector

8.—(1) If within 14 days of the end of any income tax month the contractor has paid no amount to the Collector under Regulation 7 for that income tax month and the Collector is unaware of the amount, if any, which the contractor is liable so to pay, the Collector may give notice to the contractor requiring him to render, within the time limited in the notice, a return showing the name and address of every sub-contractor to whom (or to whose nominee) he made any payment to which the principal section applies during that income tax month, the amount of every such payment, and any other matter affecting the calculation of the amount which the contractor was liable under the principal section to deduct during that income tax month.

(2) The Collector shall ascertain and certify the amount which the contractor is liable to pay to him in respect of the income tax month in question.

(3) The production of the return made by the contractor under paragraph (1) of this Regulation and of the certificate of the Collector under paragraph (2) shall be sufficient evidence that the amount shown in the said certificate is the amount which the contractor is liable to pay to the Collector in respect of the income tax month in question; and any document purporting to be such a certificate as aforesaid shall be deemed to be such a certificate until the contrary is proved.

(4) Where a notice given by the Collector under paragraph (1) of this Regulation extends to two or more consecutive income tax months, the provisions of these Regulations shall have effect as if the said consecutive income tax months were one income tax month.

(5) A notice may be given by the Collector under paragraph (1) of this Regulation notwithstanding that an amount has been paid to him by the contractor under Regulation 7 for any income tax month, if the Collector is not satisfied that the amount so paid is the full amount which the contractor is liable to pay to him for that month, and the provisions of this Regulation shall have effect accordingly.

Recovery of amounts deducted

9.—(1) The provisions of any enactment relating to the recovery of income tax charged by way of an assessment shall apply to the recovery of any amount which a contractor is liable under Regulation 7 to pay to the Collector for any income tax month and which is not the subject of an assessment under Regulation 12 as if the said amount had been an amount of income tax charged by way of an assessment on the contractor:

Provided that in England, Wales and Northern Ireland—

- (a) the greatest such amount which shall be recoverable summarily as a civil debt shall be £100 instead of £50;
- (b) summary proceedings for the recovery of any such amount may be brought at any time before the expiry of 12 months after the date on which that amount became payable to the Collector, or, where a return has been required under Regulation 8, before the expiry of 12 months after the date of the delivery of that return to the Collector.

(2) Proceedings may be brought for the recovery of the total amount which a contractor is liable to pay as aforesaid for any income tax month, without distinguishing the amounts which he is liable to pay in respect of each sub-contractor and without specifying the sub-contractors in question, and for the purposes of proceedings under section 65, section 66, or section 67 of the Taxes Management Act 1970(a), the said total amount shall be one cause of

action or one matter of complaint, but nothing in this paragraph shall prevent the bringing of separate proceedings for the recovery of each of the several amounts which the contractor is liable to pay as aforesaid for any income tax month in respect of his several sub-contractors.

(3) A certificate of the Collector that any amount such as is mentioned in paragraph (1) of this Regulation has not been paid to him, or, to the best of his knowledge and belief, to any other Collector, or to any person acting on his behalf or on behalf of another Collector, shall be sufficient evidence that the sum mentioned in the certificate is unpaid and is due to the Crown; and any document purporting to be such a certificate as aforesaid shall be deemed to be such a certificate until the contrary is proved.

Return by contractor at end of year

10.—(1) Not later than 14 days after the end of the year the contractor shall render to the Collector, in such form as the Commissioners of Inland Revenue may approve or prescribe, a return in respect of each sub-contractor showing the total amount of payments to which the principal section applies made by him to that sub-contractor (or to his nominee) during the year, the total amount, if any, included in those payments which the contractor is satisfied represents the direct cost to any other person of materials used in carrying out the construction operations to which the contracts under which the payments were made related, the total amount deducted from the first mentioned payments under the principal section, and the amounts in respect of which deduction certificates have been given to the sub-contractor under Regulation 6.

(2) The said returns shall be accompanied by a statement and declaration in the form approved or prescribed by the Commissioners of Inland Revenue containing a list of all sub-contractors to whom (or to whose nominee) the contractor made during the year any payments to which the principal section applies, together with a certificate showing the total amount deducted under the principal section in the case of each sub-contractor and the total of all such amounts.

(3) Where the contractor is a company, the declaration and the certificate referred to in paragraph (2) shall be signed either by the secretary or by a director of the company.

(4) If within 14 days of the end of any year a contractor has failed to pay to the Collector the total amount which he is liable under these Regulations so to pay, the Collector may prepare a certificate showing the amount remaining unpaid for that year. To the amount shown on the said certificate the provisions of paragraphs (1) and (2) of Regulation 9 shall apply with the modification that summary proceedings for the recovery of that amount or such part of it as remains unpaid may be brought at any time before the expiry of 12 months after the date limited for delivery of the statement required by paragraph (2) of this Regulation or, if that statement is not delivered by that date, before the expiry of 12 months after its delivery; and to the said certificate the provisions of paragraph (3) of Regulation 9 shall with any necessary modifications apply.

Inspection of records of contractors and sub-contractors

11.—(1) Every contractor, whenever called upon to do so by any authorised officer of the Commissioners of Inland Revenue, shall produce to that officer for inspection, at the contractor's premises—

(a) all documents and records whatsoever (including vouchers given to the contractor under paragraph (1) of Regulation 23) relating to the

calculation or payment of all sums paid to sub-contractors (or their nominees) in the years or income tax months specified by such officer or to deductions from such sums where required under the principal section; or

(b) such of those documents, records, and vouchers as may be specified by the authorised officer.

(2) Every person who is or has within the preceding three years been a sub-contractor and who is not the user of a sub-contractor's tax certificate, whenever called upon to do so by any authorised officer of the Commissioners of Inland Revenue, shall produce to that officer for inspection at the sub-contractor's premises—

(a) all documents and records relating to the calculation or payment of sums paid to him pursuant to any contract or contracts under which he is or was a sub-contractor within the preceding three years; or

(b) such of those documents and records as may be specified by the authorised officer.

(3) For the purposes of paragraphs (1) and (2) of this Regulation, such of the documents and records therein mentioned as are not required by other provisions of these Regulations to be sent to the Inspector or Collector shall be retained by the contractor or the sub-contractor, as the case may be, for not less than three years after the end of the year to which they relate.

(4) The Collector by reference to information obtained from an inspection of the documents and records produced under paragraphs (1) and (2) of this Regulation may on the occasion of each inspection prepare a certificate showing—

(a) the amount which it appears from the documents and records so produced that the contractor is liable to pay to the Collector under these Regulations for the years or income tax months covered by the inspection; and

(b) any amount which has not been paid to him or, to the best of his knowledge and belief, to any other Collector, or to any person acting on his behalf or on behalf of another Collector.

(5) The production of a certificate such as is mentioned in paragraph (4) of this Regulation shall be sufficient evidence that the contractor is liable to pay to the Collector in respect of the years or income tax months mentioned in the certificate the amount shown therein pursuant to paragraph (4)(b) of this Regulation; and any document purporting to be such a certificate as aforesaid shall be deemed to be such a certificate until the contrary is proved.

(6) The provisions of paragraphs (1) and (2) of Regulation 9 shall apply to the amount shown in such a certificate, with the modification that summary proceedings for the recovery of the said amount, or such part of it as remains unpaid, may be brought at any time before the expiry of 12 months after the date of the certificate.

Formal determination of amounts payable by contractor

12.—(1) Where—

(a) there is a dispute between a contractor and a sub-contractor as to the amount, if any, deductible by the contractor under the principal section from a payment to the sub-contractor or his nominee; or

(b) the Inspector has reason to believe, as a result of an inspection under Regulation 11 or otherwise, that the amount which a contractor is liable to pay to the Collector under these Regulations is greater than the amount, if any, which he has so paid, or

(c) the Inspector for any other reason sees fit to do so,

the Inspector may at his discretion make an assessment on the contractor in the amount which, according to the best of his judgment, the contractor is liable to pay under these Regulations, and all the provisions of the Income Tax Acts regarding appeals, collection and recovery shall apply as though it were an assessment to income tax, except that the amount charged by the assessment shall be due and payable fourteen days after the assessment is made.

(2) Where there is a dispute such as is mentioned in paragraph (1)(a) of this Regulation and the Inspector does not make an assessment on the contractor under that paragraph, either the contractor or the sub-contractor may, on giving notice to the Inspector, apply to the General Commissioners to determine the matter.

(3) Part V of the Taxes Management Act 1970(a) shall apply, with the appropriate modifications, to an application under paragraph (2) of this Regulation as it applies to an appeal against an assessment.

(4) Where there is a dispute such as is mentioned in paragraph (1)(a) of this Regulation, the contractor shall nevertheless make the deduction required by the principal section from the payment, or the part of the payment, to which the dispute relates, and the amount he so deducts shall be treated as a sum which he is liable to pay the Collector under these Regulations; any amount which, on a final determination of the dispute, is shown not to have been so payable shall be treated as an over-payment of income tax or corporation tax by the sub-contractor.

Amounts deducted to be credited to sub-contractor's liabilities

13.—(1) If the Inspector is satisfied, by the production to him of a deduction certificate issued to a sub-contractor under Regulation 6 and by such further evidence as he may require, that the total of the sums deducted under the principal section from payments made in any year (or, in the case of a sub-contractor which is a company liable to corporation tax, any accounting period) to that sub-contractor exceeds the aggregate of—

(a) the income tax or, as the case may be, corporation tax payable by that sub-contractor for that year or accounting period on the profits or gains of the trade, profession or vocation of the sub-contractor,

(b) any income tax or, as the case may be, corporation tax remaining unpaid for any other year or accounting period on the profits or gains of the trade, profession or vocation, and

(c) any Class 4 contributions due and payable by the sub-contractor, the sub-contractor shall be entitled to repayment of the excess by the Inspector.

(2) An appeal may be brought against a decision of the Inspector under paragraph (1) of this Regulation, and section 42 of the Taxes Management Act 1970 shall apply to such an appeal as it applies to an appeal against a decision on a claim.

PART III

SUB-CONTRACTOR'S TAX CERTIFICATES AND VOUCHERS

Powers of Inspectors

14. The power to issue, renew, require the surrender of or cancel a sub-contractor's tax certificate or give directions under section 70(4) of the Finance (No. 2) Act 1975^(a) may be exercised by an Inspector.

Forms of sub-contractor's tax certificates

15.—(1) A sub-contractor's tax certificate shall be prepared by the Commissioners of Inland Revenue in one of the forms numbered 714I, 714P and 714C in the Schedule to these Regulations.

(2) Where such a certificate is issued to an individual otherwise than as a partner in a firm, it shall be in the form numbered 714I in the Schedule to these Regulations and shall show his name, national insurance number, usual signature and full face photograph, being a true likeness of him, its date of expiry and the distinctive number assigned to it by the Inspector who issued it.

(3) Where such a certificate is issued to an individual as a partner in a firm, it shall be in the form numbered 714P in the Schedule to these Regulations and shall show, in addition to the particulars specified in paragraph (2) of this Regulation, the words "Acting for" and the name of the firm.

(4) Subject to paragraph (5) of this Regulation, where such a certificate is issued to a company (and, if the Inspector thinks fit, more than one such certificate may be issued to a company), the certificate shall be in the form numbered 714P in the Schedule to these Regulations and shall show the name, usual signature and full face photograph, being a true likeness, of the secretary or director of the company who is authorised to use the certificate, the words "Acting for", the name and registration number of the company, the date of expiry of the certificate and the distinctive number assigned to it by the Inspector who issued it.

(5) If in any case the Inspector thinks that the form of certificate mentioned in paragraph (4) of this Regulation would be inappropriate, he may, if he thinks fit, issue to a company a sub-contractor's tax certificate in the form numbered 714C in the Schedule to these Regulations showing the words "For a company not required to use sub-contractors' vouchers" and such a certificate shall also show the word "Original", the name and registration number of the company, the date of expiry of the certificate and the distinctive number assigned to it by the Inspector who issued it and shall bear the usual signature of the secretary of the company at the date of issue.

(6) Where an Inspector has issued such a certificate as is mentioned in paragraph (5) of this Regulation, he may also, if he thinks fit, issue one or more additional certificates to the company and each such additional certificate shall be in the form numbered 714C in the Schedule to these Regulations and shall have an additional distinctive serial number assigned to it by the Inspector and shall show the particulars mentioned in paragraph (5) of this Regulation except that there shall be substituted for the word "Original", the words "Official Copy".

Issue of sub-contractor's tax certificates

16.—(1) A sub-contractor's tax certificate in the form specified in paragraph (2) or (3) of Regulation 15 shall be issued by an Inspector to and in the presence of the person whose name, national insurance number and photograph appear thereon who shall sign it at that time.

(a) 1975 c. 45.

(2) A sub-contractor's tax certificate in the form specified in paragraph (4) of Regulation 15 shall be issued by an Inspector to the company the name and registered number of which appear thereon in the presence of the secretary or director of the company who is authorised to use the certificate and who shall sign it at that time.

(3) A sub-contractor's tax certificate in the form specified in paragraph (5) or (6) of Regulation 15 shall be issued by an Inspector to the company the name and registered number of which appear thereon and the secretary of the company shall sign it immediately on receipt.

Validity of sub-contractor's tax certificate

17. A sub-contractor's tax certificate shall be valid for the purpose of allowing payments to be made to the user without the deduction required by the principal section and for no other purpose for the period from the date of its issue or from the appointed day, whichever is the later, until the last day of the month and the calendar year which are shown on it.

Renewal of sub-contractor's tax certificate

18. At any time within a period of six months before the date of expiry of a sub-contractor's tax certificate, the person to whom it was issued may apply to an Inspector for its renewal and the provisions of section 70 of the Finance (No. 2) Act 1975 shall apply to an application for renewal in the same way as they apply to an application for the issue of a sub-contractor's tax certificate and the provisions of that Act and of these Regulations shall apply to a renewed certificate in the same way as they apply to a sub-contractor's tax certificate.

Ownership, surrender and production for inspection of sub-contractor's tax certificate

19.—(1) A sub-contractor's tax certificate shall remain the property of the Commissioners of Inland Revenue at all times.

(2) A user, whenever called upon by any authorised officer of the Commissioners of Inland Revenue, shall produce for inspection his sub-contractor's tax certificate.

(3) A user or any person having in his possession a sub-contractor's tax certificate, even though it may have expired or been cancelled, may be required at any time by notice served upon him or whenever called upon by any authorised officer of the Commissioners of Inland Revenue to surrender it to them or to that officer.

Form of Voucher, ownership and surrender of voucher

20.—(1) A voucher shall be in the form numbered 715 in the Schedule to these Regulations and shall show the distinctive number assigned to it by the Inspector who issued it and the name and national insurance number of the user in the case of an individual and additionally the words "Acting for" and the name of the firm in the case of an individual who is a partner in a firm and, in the case of a company, the name of the secretary or director of the company, the words "Acting for" and the name and registration number of the company.

(2) A voucher shall remain the property of the Commissioners of Inland Revenue at all times and a user or any person having a voucher in his possession may at any time be required by notice served upon him or whenever called upon by any authorised officer of the Commissioners of Inland Revenue to surrender it to them or to that officer.

PART IV

PAYMENTS TO SUB-CONTRACTORS USING SUB-CONTRACTOR'S
TAX CERTIFICATES*Production and verification of sub-contractor's tax certificate*

21.—(1) A contractor shall not make a contract payment without the deduction required by the principal section unless—

- (a) a sub-contractor's tax certificate has been produced to him by any person in accordance with the provisions of paragraph (2) of this Regulation and he has satisfied himself by inspection of the certificate that—
 - (i) where it is in one of the forms specified in paragraph (2), (3) or (4) of Regulation 15, that person is the user of it; or
 - (ii) where it is in one of the forms specified in paragraph (5) or (6) of Regulation 15, that person is authorised to produce it on behalf of the company which is the user of that certificate; or
- (b) where he has previously satisfied himself under sub-paragraph (a) above, he has no reason to doubt that the certificate is still valid; or
- (c) the conditions contained in Regulation 22 are satisfied.

(2) For the purpose of sub-paragraph (1)(a) of this Regulation, a user shall produce his sub-contractor's tax certificate (or, where the user is a company which is the user of a sub-contractor's tax certificate in one of the forms specified in paragraph (5) or (6) of Regulation 15, one of its certificates) for inspection by the contractor or the contractor's authorised representative; and, if he fails to do so, the principal section shall apply as though he, or the company of which he is a director or the secretary, were not excepted from it:

Provided that, where the user receives a payment as a nominee, the person who nominated the user shall also produce his sub-contractor's tax certificate for such inspection and, if he fails to do so, the principal section shall apply to that payment as though neither the nominee nor the person who nominated him were excepted from it.

Alternative procedure for verification of sub-contractor's tax certificate

22.—(1) The conditions referred to in sub-paragraph (1)(c) of Regulation 21 are that—

- (a) the contract payment is made to a company, not being a nominee,
- (b) the payment is due under a contract made in writing between the contractor and the company,
- (c) the company has produced to the contractor a document in accordance with the provisions of paragraph (2) of this Regulation,
- (d) the contractor has no reason to doubt that the information shown on the document is correct,
- (e) the date of payment is not later than the date of expiry shown in that document, and
- (f) the payment is made into the nominated account specified in that document:

Provided that the contractor may, if he has reason to doubt that the information shown on the document is correct, apply to the Inspector, within 14 days of the date of receipt of the document from the company, for confirmation that a valid sub-contractor's tax certificate has been issued in the name of the

person to whom the payment is to be made and that the information shown on the document agrees with the record held by the Inspector, and, on receipt of such confirmation, the contractor shall have no reason to doubt that the information shown on the document is correct.

(2) For the purpose of this Regulation, a user, being a company other than a nominee, which has notified the Inspector of particulars identifying a bank account (in this Regulation referred to as "the nominated account"), shall give the contractor a document signed by its secretary or one of its directors certifying that it is the user of a valid sub-contractor's tax certificate in the form specified in paragraph (5) of Regulation 15 and specifying—

- (a) the name of the user,
- (b) the address of the registered office of the user,
- (c) the registration number of the user,
- (d) the distinctive number assigned to the sub-contractor's tax certificate by the Inspector who issued it,
- (e) the address of the Inspector who issued it,
- (f) the date of expiry of the certificate, and
- (g) particulars identifying the nominated account.

Completion of and delivery of a voucher by a sub-contractor and obtaining of a voucher by a contractor

23.—(1) A user of a sub-contractor's tax certificate issued in one of the forms specified in paragraph (2) or (3) of Regulation 15 or a user who is a director or the secretary of a company which is the user of a sub-contractor's tax certificate in the form specified in paragraph (4) of that Regulation shall for every contract payment made to him or to the company upon or not later than seven days after receipt of any such payment which is made without the deduction which would otherwise be required by the principal section, give to the contractor a voucher completed and signed by him in accordance with paragraph (2) of this Regulation; and a contractor shall make every effort reasonable in the circumstances to obtain such a voucher in respect of every such payment made by him.

(2) The voucher shall be completed by the user by the insertion of his business address, the distinctive number assigned to his sub-contractor's tax certificate by the Inspector who issued it, the name of the contractor, the date on which the voucher is given and the amount of the payment, and shall be signed by the user on that date.

Return of payments made without deduction to be made and records of such payments to be kept

24. A contractor shall, if required to do so by any authorised officer of the Commissioners of Inland Revenue, make and deliver to that officer a complete list of all persons, or as the case may be, such persons as may be specified by the officer, excepted from the principal section to whom (or to whose nominee) he made any contract payment during any such period as may be specified by that officer, the total amount paid to each of those persons in that period and full particulars of the evidence by reference to which the contractor satisfied himself that each of those persons was excepted from the principal section, and the contractor shall make and keep such records as will enable him to comply with such a requirement:

Provided that a period specified under this Regulation shall not begin earlier than three years before the beginning of the year in which the requirement is made.

Return of vouchers

25. A contractor shall each week forward to the Inspector with such identifying information as the Inspector may require all vouchers given to and obtained by him in accordance with Regulation 23:

Provided that every such voucher shall be so forwarded not later than 14 days after the date of its receipt from a sub-contractor.

Production of records for inspection

26. A contractor, whenever called upon by any authorised officer of the Commissioners of Inland Revenue, shall produce for inspection the records referred to in Regulation 24.

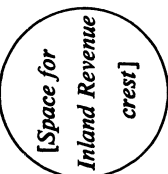
By Order of the Commissioners of Inland Revenue.

G. Wolters,
Secretary.

Regulation 15(1) and (2)

SCHEDULE
FACE

Form 714I



SUB-CONTRACTOR'S
TAX CERTIFICATE

[Space

for

photograph]

Signature of Authorised User

[Space for signature]

Certificate no:

[Space for distinctive
number of certificate]

Expires end of:
[Space for date of
expiry of certificate]

Authorised User

[Space for name and national
insurance number of user]

714I

REVERSE

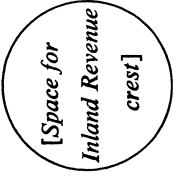
INLAND REVENUE PROPERTY

This certificate may be used only by the authorised user in conjunction with sub-contractor's vouchers issued to him. It must be surrendered on expiry or on demand by the Inland Revenue. If found please hand in at any Police Station or Income Tax office.

ANY PERSON INVOLVED IN THE MISUSE OF THIS CERTIFICATE IS LIABLE TO PROSECUTION.

FACE

SUB-CONTRACTOR'S
TAX CERTIFICATE



[Space

for

photograph]

Signature of Authorised User

[Space for signature]

Certificate no:

[Space for distinctive
number of certificate]

Expires end of:

[Space for date of
expiry of certificate]

Authorised User

[Space for the name, national insurance number of the individual who is a partner,
the words: "Acting for", and the name of the firm
or the name of the secretary or director of the company, the words
"Acting for" and the name and registration number of the company.]

REVERSE

INLAND REVENUE PROPERTY

This certificate may be used only by the authorised user in conjunction with sub-contractor's vouchers issued to him. It must be surrendered on expiry, or on demand by the Inland Revenue. If found please hand in at any Police Station or Income Tax office.

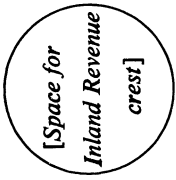
ANY PERSON INVOLVED IN THE MISUSE OF THIS CERTIFICATE IS LIABLE TO PROSECUTION.

Form 714C

FACE

[Space for the word "Original" or the words "Official Copy" and an additional distinctive serial number.]

SUB-CONTRACTOR'S TAX CERTIFICATE FOR A COMPANY NOT REQUIRED TO USE SUB-CONTRACTOR'S VOUCHERS



Signature of Company Secretary

[Space for signature of Company Secretary]

Certificate no:

[Space for distinctive number of certificate]

Expires end:

[Space for date of expiry of certificate]

Issued to:

[Space for name of Company]

Company Registration no:

[Space for registration number of Company]

714C

REVERSE

INLAND REVENUE PROPERTY

This certificate may be used only by the Company named on it. It must be surrendered on expiry or on demand by the Inland Revenue. If found please hand in at any Police station or Income Tax Office.

**ANY PERSON INVOLVED IN THE MISUSE OF THIS CERTIFICATE IS LIABLE TO
PROSECUTION.**



For official use

SUB-CONTRACTOR'S VOUCHER I,

For conditions see back

[Space for the name and national insurance number of the user in the case of an individual and additionally the words "Acting for" and the name of the firm in the case of an individual who is a partner in a firm and, in the case of a company, the name of the secretary or director of the company, the words "Acting for" and the name and registration number of the company.]

of (business address).....

holder of certificate no.: hereby certify that I have produced

that certificate to:—..... and

complete this voucher, no: [Space for distinctive number]

Day Month Year

on this day (in figures)

in respect of a gross payment of (in figures)

Pounds

Pence

Amount in words—pounds only

715

Signature.....

REVERSE

INLAND REVENUE PROPERTY

CONDITIONS

No one other than the authorised user may use this form; he may use it only while he is the authorised user of a valid sub-contractor's tax certificate. The authorised user, or in the case of a company the named company, is responsible for the safe custody of this form which must be surrendered on demand to the Inland Revenue.

ANY PERSON INVOLVED WITH THE MISUSE OF THIS FORM IS LIABLE TO PROSECUTION.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

These Regulations, made under Sections 69 and 70 of the Finance (No. 2) Act 1975, deal with the new administrative arrangements for the deduction scheme for sub-contractors in the construction industry. The original scheme, in Chapter II of Part II of the Finance Act 1971 (c. 68), has been replaced by a revised scheme in Chapter II of the Finance (No. 2) Act 1975.

Part I is formal. The Regulations come into operation in two stages. The first stage enables sub-contractor's tax certificates (which allow a sub-contractor to demonstrate that he is entitled to receive payments without deduction) to be issued before the new scheme starts. The remainder of the Regulations—which deal with the operation of the new scheme once it is started—take effect on a date to be appointed by the Treasury.

Part II specifies (i) the records required from contractors of payments they make to sub-contractors and the notifications they are to give to sub-contractors of amounts deducted from such payments, (ii) how amounts deducted are to be paid to Collectors of Taxes, and how amounts due but not paid are recovered by Collectors, (iii) the returns contractors are required to make and the records they and sub-contractors must produce for inspection when so required, (iv) the machinery for the settlement of disputes and (v) how a sub-contractor who has suffered deductions in excess of his liability to income or corporation tax and Class 4 national insurance contributions can claim repayment of that excess.

Part III provides for the issue of various types of sub-contractor's tax certificates, and what each is to look like. It specifies how the certificates are to be issued, how they may be renewed and the circumstances in which they must be produced for inspection by, or surrendered to, the Inland Revenue. It lays down the form of the voucher (which is completed by a sub-contractor on receipt of a payment made without deduction) and the circumstances in which vouchers must be produced for inspection by, or surrendered to, the Inland Revenue.

Part IV lays down the procedures which have to be followed before a contractor can pay a sub-contractor without deduction. It requires a sub-contractor to supply the contractor with evidence, normally by producing his sub-contractor's tax certificate for inspection, that he is entitled to be paid gross. It also provides for a sub-contractor to give a contractor a voucher on receiving payment without deduction, and for the contractor to send the voucher to the Inland Revenue. It specifies the returns which contractors are required to make, and the records which they must keep, of these payments.

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