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 STATUTORY INSTRUMENTS
 

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1985 No. 351

## INCOME TAX

**The Income Tax (Sub-contractors in the Construction Industry)  
Regulations 1985**

<i>Made</i> - - - - -	<i>7th March 1985</i>
<i>Laid before the House of Commons</i> - - - - -	<i>8th March 1985</i>
<i>Coming into Operation</i> - -	<i>6th April 1985</i>

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) and of all the powers enabling them in that behalf, hereby make the following Regulations:—

*Citation and commencement*

1. These Regulations may be cited as the Income Tax (Sub-contractors in the Construction Industry) Regulations 1985 and shall come into operation on 6th April 1985.

*Interpretation*

2. In these Regulations “the Principal Regulations” means the Income Tax (Sub-contractors in the Construction Industry) Regulations 1975(b).

*Amendments to the Principal Regulations*

3. At the beginning of Regulation 7(1) of the Principal Regulations there shall be inserted:—

“Subject to the provisions of Regulation 8A(8) of these Regulations,”

4. After Regulation 8 of the Principal Regulations there shall be inserted:—

“*Specified amount payable by contractor*

**8A.**— (1) If after 14 days following the end of any income tax month the contractor has paid no amount to the Collector under Regulation 7 for that income tax month, despite demand being made, and there is reason to believe that the contractor is liable so to pay, the Collector upon

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(a) 1975 c.45.

(b) S.I. 1975/1960; relevant amending instruments are S.I. 1982/1391, 1984/1857.

consideration of the contractor's record of past payments may to the best of his judgment specify the amount which he considers the contractor is liable to pay and serve notice on him of that amount.

(2) If, on the expiration of the period of 7 days allowed in the notice, the specified amount or any part thereof is unpaid, the amount so unpaid shall be certified by the Collector and shall be deemed to be an amount which the contractor was liable to pay for that income tax month in accordance with Regulation 7.

(3) The provisions of paragraph (2) of this Regulation shall not apply if, during the period allowed in the notice, the contractor pays to the Collector the full amount which the contractor is liable to pay under Regulation 7 for that income tax month, or the contractor satisfies the Collector that no amount is due for that income tax month.

(4) The production of a certificate such as is mentioned in paragraph (2) of this Regulation shall be sufficient evidence that the contractor is liable to pay to the Collector the amount shown in the certificate; and any document purporting to be such a certificate as aforesaid shall be deemed to be such a certificate until the contrary is proved. To the amount shown in the certificate the provisions of paragraphs (1) and (2) of Regulation 9 shall apply.

(5) Provided the contractor has paid no amount under Regulation 7 for the relevant income tax months a notice may be given by the Collector under paragraph (1) of this Regulation which extends to 2 or more consecutive income tax months, and the provisions of these Regulations shall have effect as if the said consecutive income tax months were the latest income tax month specified in the notice.

(6) 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 after seeking the contractor's explanation 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, save that paragraph (2) of this Regulation shall not apply if the contractor during the period allowed in the notice satisfies the Collector that no further amount is due.

(7) If during the period allowed in a notice given by the Collector under this Regulation the contractor claims, but does not satisfy the Collector, that the payment made in respect of the income tax month specified therein is the full amount he is liable to pay to the Collector for that income tax month, the contractor may require the Collector to inspect the contractor's documents and records as if the Collector had called upon the contractor to produce those documents and records in accordance with paragraph (1) of Regulation 11 and the provisions of Regulation 11 shall apply in relation to that inspection and the notice given by the Collector under this Regulation shall thereafter be disregarded.

(8) Notwithstanding anything in this Regulation, if the contractor pays any amount certified by the Collector under this Regulation and that amount exceeds the amount which he would have been liable to pay in respect of that income tax month apart from this Regulation, he shall be entitled to set-off

such excess against any amount which he is liable to pay to the Collector under Regulation 7 for any subsequent income tax month.

(9) If, after the end of the year, the contractor renders the returns statement and declaration required by Regulation 10 and pays the total amount which he is liable to pay any excess paid and not otherwise recovered by set-off in accordance with the provisions of this Regulation shall be repaid.”

5. In Regulation 9(1) of the Principal Regulations after the words “is liable under Regulation 7” there shall be inserted:—

“or is deemed liable under Regulation 8A”.

*J. H. Gracey,*  
*D. B. Rogers,*  
Two of the Commissioners  
of Inland Revenue.

7th March 1985

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#### EXPLANATORY NOTE

*(This Note is not part of the Regulations.)*

These Regulations, effective from 6 April 1985,

- (a) enable the Collector, where he believes a contractor has not made full payment to him of deductions from payments to uncertificated sub-contractors for an income tax month, to estimate the amount he considers the contractor is liable to pay and to serve notice on him of that amount; if during the period allowed in the notice the contractor does not either pay the full amount which he is liable to pay or the estimate or satisfy the Collector that no more is due, the amount of the estimate remaining unpaid will then be certified by the Collector and be recoverable from the contractor;
- (b) make provision for a contractor subject to such notice to require the Collector to inspect his records relating to sub-contractor payments where the contractor claims but does not satisfy the Collector that the payment made for the income tax month is the full amount due; and
- (c) provide for set-off against the liability of any subsequent income tax month or for repayment at the tax year's end of any excess sub-contractor deductions so paid to the Collector.

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