
STATUTORY INSTRUMENTS

2005 No. 2045

**The Income Tax (Construction
Industry Scheme) Regulations 2005**

PART 2

CONTRACTORS

Monthly return

4.—(1) A return must be made to the Commissioners for Her Majesty's Revenue and Customs in a document or format provided or approved by the Commissioners—

- (a) not later than 14 days after the end of every tax month, by a contractor making contract payments or payments which would be contract payments but for section 60(4) of the Act (contract payments: exceptions), and
- (b) not later than 14 days after the end of the tax month following the appointed day, by a contractor who has made a payment in the 12 months preceding the appointed day which would be a contract payment or a payment which would be a contract payment but for section 60(4) of the Act if made after the appointed day.

(2) The return under paragraph (1) must contain the following information—

- (a) the contractor's name,
- (b) the contractor's unique taxpayer reference (UTR) and Accounts' Office reference,
- (c) the tax month to which the return relates, and
- (d) in respect of each sub-contractor to whom, or to whose nominee, payments under construction contracts were made by the contractor during that month,—
 - (i) the sub-contractor's name;
 - (ii) the sub-contractor's national insurance number (NINO) or company registration number (CRN), if known; and
 - (iii) the information specified in paragraph (3).

(3) The information specified is—

- (a) if the sub-contractor is registered for gross payment—
 - (i) the sub-contractor's unique taxpayer reference (UTR), and
 - (ii) the total amount of payments which would be contract payments but for section 60(4) of the Act (contract payments: exceptions) made by the contractor to the sub-contractor during the tax month;
- (b) if the sub-contractor is registered for payment under deduction—
 - (i) the sub-contractor's unique taxpayer reference (UTR),
 - (ii) the total amount of contract payments made by the contractor to the sub-contractor during the tax month,

- (iii) the total amount included in those payments which the contractor is satisfied represents the direct cost to any person other than the contractor of materials used or to be used in carrying out the construction contract to which the contract payment relates, and
 - (iv) the total amount deducted from the payments mentioned in paragraph (3)(b)(ii) under section 61 of the Act (deduction on account of tax from contract payments);
 - (c) if the sub-contractor is not registered for gross payment or payment under deduction—
 - (i) the sub-contractor’s unique taxpayer reference (UTR), if known,
 - (ii) the total amount of contract payments made by the contractor to the sub-contractor during the tax month,
 - (iii) the total amount included in those payments which the contractor is satisfied represents the direct cost to any person other than the contractor of materials used or to be used in carrying out the construction contract to which the contract payment relates,
 - (iv) the total amount deducted from the payments mentioned in paragraph (3)(c)(ii) under section 61 of the Act, and
 - (v) the verification reference for higher rate deduction.
- (4) The return may be transmitted electronically to the Commissioners for Her Majesty’s Revenue and Customs.
- (5) The return must include a declaration by the person making the return—
 - (a) that none of the contracts to which the return relates is a contract of employment;
 - (b) indicating whether he has complied with the requirements of regulation 6 (verification etc of registration status of sub-contractor) in the case of each person to whom a payment to which the return relates is made; and
 - (c) that the return contains all the information, particulars and supporting information required by this regulation to be included in the return, and such information, particulars and supporting information are complete and accurate to the best of the contractor’s knowledge and belief.
- (6) If the return is not transmitted electronically, it must be signed by the contractor or a person duly authorised by the contractor to make the return.
- (7) The contractor must make and keep such records as will enable him to comply with this regulation.
- (8) The contractor must give the following information in writing to the sub-contractor to whom it relates not later than 14 days after the end of the tax month either in respect of the total payments made in that month or in respect of each payment made in that month—
 - (a) if the sub-contractor is registered for payment under deduction—
 - (i) the contractor’s name,
 - (ii) the contractor’s employer’s reference,
 - (iii) the tax month to which the payments relate or the date of the payment,
 - (iv) the sub-contractor’s name,
 - (v) the sub-contractor’s unique taxpayer reference (UTR),
 - (vi) the total amount of contract payments made by the contractor to the sub-contractor during the tax month,
 - (vii) the total amount included in those payments which the contractor is satisfied represents the direct cost to any person other than the contractor of materials used or

to be used in carrying out the construction contract to which the contract payment relates, and

(viii) the total amount deducted from the payments mentioned in paragraph (vi) under section 61 of the Act;

and

(b) if the sub-contractor is not registered under Chapter 3 of the Act, the verification reference.

(9) The information required under paragraph (8) may be given by means of electronic communications if—

(a) the contractor has indicated to the sub-contractor that he intends to use electronic communications for the purposes of giving this information;

(b) the sub-contractor has consented to information being given by the contractor by means of electronic communications, and that consent has not been withdrawn;

(c) the information is given in an electronic format—

(i) in which the statement may be stored; and

(ii) which permits a paper copy of the information contained in the statement to be printed.

(10) If a contractor who has made a return, or should have made a return, under this regulation makes no payments under construction contracts in the tax month following that return, the contractor must make a nil return not later than 14 days after the end of that tax month. This is subject to paragraph (11).

(11) Paragraph (10) does not apply if the contractor has notified the Commissioners for Her Majesty's Revenue and Customs that the contractor will make no further payments under construction contracts within the following six months.

(12) Subject to paragraph (13), section 98A of TMA(1) (special penalties in the case of certain returns) applies to the requirements in—

(a) paragraph (1),

(b) paragraph (3)(b),

(c) paragraph (3)(c),

(d) paragraph (10).

(13) A penalty under section 98A of TMA in relation to a failure to make a return in accordance with paragraphs (1) or (10) arises for each month (or part of a month) during which the failure continues after the 19th day of the sixth month following the appointed day.

(1) Section 98A was inserted by section 165 of the Finance Act 1989 (c. 26) and amended by sections 722 and 723 of, and paragraphs 123 and 138 of Schedule 6 and Schedule 7 to, ITEPA and prospectively amended by sections 76 and 77 of and paragraph 8 of Schedule 12 to, the Finance Act 2004.