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## The new Construction Industry Scheme (CIS)

### Changes from October 2007

We would like to remind you about some important changes to the Construction Industry Scheme that will start to affect contractors from October 2007.

#### Penalties

Your client's monthly return must reach us by the 19th of each month, whether sent in on paper or electronically. If your client's return shows that they have not paid any subcontractors in the month (a 'nil' return) you can also notify us by phone.

After 19th October 2007, we will charge your client an automatic penalty of £100 for every return not received by that date - including 'nil' returns and returns due for earlier months since the start of the new scheme in April. For every 50 subcontractors beyond the first 50 included on the return there will be an additional £100 penalty.

For returns due on or after 19th October, penalties will be charged for each month that a return is late.

Examples of the penalty charges are shown in factsheet CIS346 - *'The monthly return - advice for contractors'*, available at [www.hmrc.gov.uk/new-cis](http://www.hmrc.gov.uk/new-cis)

#### Keeping gross payment status in new CIS

Many contractors are also subcontractors entitled to be paid gross. At least once each year we will be checking that, in the 12 months up to the date of the check, subcontractors have made all their payments and sent in all the required returns to us on time. Where subcontractors have not met their obligations including any contractor and/or employer obligations, within certain published limits, they will lose their gross payment status. You can find out more about the compliance test in our factsheet CIS343 - *Applying to be paid gross - advice for subcontractors*.

#### Appeals

You may appeal on behalf of your client against the charging of a penalty or about the withdrawal of their gross payment status letting us know the reason(s) why you are making the appeal. If we cannot reach agreement the matter will be referred to the independent Appeal Commissioners. More information on appeals will be included in any penalty notice or in the letter (CIS308) that advises loss of gross payment status.

#### Help and advice

For more details of how the penalties are charged go to [www.hmrc.gov.uk/new-cis](http://www.hmrc.gov.uk/new-cis)

- Phone the CIS Helpline on **0845 366 7899** (open Monday to Sunday 08:00 - 20:00).
- Minicom: **0845 366 7894**.
- Online Services Helpdesk: **0845 605 5999** (open Monday to Sunday 08:00 - 20:00).