



SCHEDULE 5C

CONSTRUCTION INDUSTRY SCHEME (CIS) RETURNS

This schedule of services should be read in conjunction with the engagement letter and the terms of business.

1 RESPONSIBILITIES AND SCOPE FOR CONSTRUCTION INDUSTRY SCHEME (CIS) SERVICES

1.1 Recurring compliance work

1.1.1 We will prepare your UK CIS returns for each monthly return period to meet UK employment tax requirements, specifically:-

(a) calculating the CIS deductions;

(b) carrying out verification procedures with HMRC for any new subcontractors you use; and

(c) submitting information online to HMRC under RTI for PAYE.

1.1.2 We will prepare and send to you the following documents (where applicable to your business) before the time of payment to subcontractors or due date for delivering information to HMRC:-

(a) CIS return summary report showing the reconciliation from gross to net for each subcontractor and all relevant totals;

(b) a report showing your CIS liability and due date for payment; and

(c) written statements of deduction to support each payment, which you will provide to each of your subcontractors by the 19th of the month following payment.

1.1.3 We will submit monthly CIS returns online to HMRC electronically by the 19th of each month after the data to be included therein has been approved by you or on the basis of the data provided by you. Returns are not mandatory where no subcontractors have been paid since the last return. However, HMRC will still issue a penalty notice if a return is not received by the due date which will have to be appealed. To avoid this, we will complete nil returns on your behalf where no subcontractors have been paid since the last return.

1.1.4 We will maintain the record of payments as required by HMRC.

1.1.5 We will calculate and advise you of the amount of tax deducted from your subcontractors

that needs to be paid over to HMRC each month. Note that payments need to reach HMRC by the 19th of the month following payment for postal payments and by the 22nd where electronic payment methods are used.

1.2 Excluded, ad hoc and advisory work

1.2.1 The scope of our services provided to you will only be as set out above and all other services which we may offer are excluded. If you instruct us to do so, we will provide such other taxation, ad hoc and advisory services as may be agreed between us from time to time. These services will be subject to the terms of this engagement letter and terms of business unless we decide to issue a separate engagement letter. An additional fee may be charged for these services. Examples of such work that you may wish to instruct us to undertake include:-

- (a) dealing with any compliance check or enquiry by HMRC into the CIS returns;
- (b) preparing any amended returns for periods before you report in real time, which may be required, and corresponding with HMRC as necessary; and
- (c) PAYE and auto-enrolment services.

1.3 Your responsibilities

1.3.1 In addition to your responsibilities as set out in the terms of business, to enable us to carry out our work, you agree:-

- (a) that you will consider the employment status of everyone who works for you in the light of the work undertaken in each month and decide whether they are working for you as subcontractors or as employees in that month; we will ask you for written confirmation of this prior to signing/confirming the monthly return, including the status declaration, on your behalf. The information for verifying subcontractor status must be delivered to HMRC electronically. We can provide advice on a case-by-case basis, should you so require;
- (b) to provide us with the list of your subcontractors' names, addresses, National Insurance numbers (if applicable), company registration numbers (if applicable) and Unique Taxpayer References (UTR);
- (c) to provide us with the verification reference for each subcontractor along with the deduction rate as advised by HMRC. You must also verify subcontractors you have used before but have not included on a CIS return in the current or last two tax years. It is important to note that verification procedures must be carried out before any payment can be made to the subcontractor. They can however carry out work prior to the verification;
- (d) to provide us with any notices of change received from HMRC with regard to a change in deduction status for one of your subcontractors; we will not be responsible for failure to effect a change where we do not receive the notice in time;
- (e) to provide us each month with details of the charges (labour, materials and VAT) from those workers whom you consider to be subcontractors; in providing this to us you confirm that you have either obtained direct confirmation from the subcontractor of the

amount of materials cost or you consider the amount not to be excessive; and

- (f) to provide to each of your subcontractors by the 19th of the month following payment the written statements of deductions (which we will provide) to support each payment.

1.4 Limitation of liability

- 1.4.1 Our services as detailed above are subject to the limitations on our liability set out in the engagement letter. These are important provisions, which you should read and consider carefully.