

Company Construction Industry Scheme (CIS) deductions set-off against monthly or quarterly tax/National Insurance contributions payments

Companies who suffer CIS deductions from their income as a subcontractor can now set these off against their monthly or quarterly payments to HM Revenue & Customs. Companies can reduce their tax/National Insurance contributions or CIS payments by the amount of CIS deductions they have suffered.

Only companies are affected by this arrangement. It is not available to individual subcontractors or partnerships.

CIS deductions suffered in a pay period that cannot be fully set-off against payments for that period are carried forward and can be used for later pay periods within the same tax year.

When the CIS deductions available for set-off in a pay period do not cover the whole of the company's payment for that period, the company must pay over the balance by the normal payment date.

Companies need payment statements for all the CIS deductions suffered and should have received these from the paying contractor(s). But if the statements have not yet been received a company can set-off the CIS deductions against its monthly or quarterly payments.

Companies must keep a record of the amounts set-off. You may use the table overleaf. If you use a form P32 *Employer Payment Record* or the table in your Payslip Booklet to record your tax/National Insurance contributions payments, leave columns 14 and 15 blank.

When we have received the company's P35 *Employer Annual Return* (with relevant CIS detail), any CIS deductions that have not been set-off during the tax year may be repaid. Or we may set them against any outstanding tax, depending on the amount involved.

If you need more information

You may ring the CIS Helpline on **0845 366 7899** if you need to know more about how the changes will affect you.

You can also find further guidance on the HM Revenue & Customs website, go to www.hmrc.gov.uk/new-cis

Enter 'M' beside figure if minus

Tax month ending	Information from payroll records			Record of CIS deductions suffered				Amounts paid			
	Net Income Tax including amounts you deducted from Col 3 of P32 or Payslip Booklet A	Net National Insurance contributions from Col 13 of P32 or Payslip Booklet B	(A + B) C	CIS deductions brought forward from earlier pay period D	CIS deductions suffered in this pay period from deduction statements E	(D + E) F	CIS deductions set-off in this pay period G	CIS deductions carried forward to next pay period H	Tax figure to appear on payslip See note below* I	Net National Insurance contributions figure to appear on payslip (figure in Col B) J	Total amount paid (I + J) K
1 5 May	£	£	£	£	£	£	£	£	£	£	
2 5 Jun											
3 5 Jul											
4 5 Aug											
5 5 Sep											
6 5 Oct											
7 5 Nov											
8 5 Dec											
9 5 Jan											
10 5 Feb											
11 5 Mar											
12 5 Apr											
Totals				Total							Totals

◀ Enter this figure on your P35 Employer Annual Return

* Set-off the full amount in **Column G** against tax, even if the figure in **Column I** becomes a minus figure.
 Example
 Net tax payable (Column A) 1300
 CIS Deductions set-off (Column G) 1500
 Tax figure on payslip (Column I) Minus 200

† If the amount in **Column K** is NIL, send a payslip marked NIL to HM Revenue & Customs Accounts Office.