

# Limited Company Subcontractors - Claiming back Construction Industry Scheme (CIS) deductions

## Before claiming a repayment of CIS deductions, please ensure

- the company should register using HMRC's CIS helpline
- the company is set up with a PAYE scheme (or its existing PAYE scheme has been changed to include CIS - where it pays subcontractors), by calling the New Employer helpline
- the company has received and kept its Payment & Deduction Statements (PDS) from each of its contractors every time it has been paid
- each PDS shows the correct Unique Tax Reference (UTR) for the company and the correct amount of payment and deductions
- the correct amount of CIS deductions taken from the company's payments are shown on the P35
- you told your contractors about setting up the company - if you were originally engaged as a sole-trader or partnership.

HMRC Employer Office was established at Benton Park View, Newcastle upon Tyne in 2010/11, taking in employer work from around the country. Working with representatives from accountancy professional bodies we have established a more consistent and robust system for dealing with claims for repayment from limited company subcontractors working within the construction industry.

## Questions & Answers

### Q. What should I do when my company starts operating as a subcontractor?

A. The company should register using HMRC's CIS helpline. If you've previously worked as a sole-trader, or as a partnership, *you must register the company separately*. We will give it a new tax reference to ensure that all its payments and deductions are credited properly.

Contractors must check its payment status with HMRC so they can deduct the right amount from the company's payments. Failure to register will mean a CIS deduction at 30% and will delay any repayment due at the end of the tax year.

### Q. How do I claim a repayment?

A. At the end of the tax year, complete the P35 showing the total CIS deductions made from the company in the tax year. Then, send us a claim for repayment which must be in writing and explain the reason for the overpayment. The P35 alone is not a claim for repayment. See our website for more details.

### Q. When will the company get its repayment?

A. We aim to process claims within 15 working days of receipt. However, this may vary at peak times. Please note also that we cannot repay earlier than about two weeks after the P35 due date of 19 May. This is to ensure the bulk of P35s have been received and the information we need from contractors' returns has been collated.

### Q. What should contractors give to the company?

A. If the company is paid under deduction, contractors must provide written Payment and Deduction Statements (PDS) within 14 days of the end of each tax month. You can see a copy of a standard PDS on our website.

Ensure that the company asks for a PDS whenever it receives payment from a contractor. Keep them in a safe place because you may need them in support of a repayment claim. Contractors are not required to provide duplicates.

### Q. The company didn't get a PDS - what should I do?

A. Go back to the contractor and ask for one. If the contractor refuses to give you a PDS, please tell the CIS helpline.

### Q. What if HMRC can't agree the CIS deductions the company is claiming?

A. We will ask you send in supporting evidence, such as PDS and company bank statements. To help us deal quickly with your claim please cross reference the PDS to the entries on the company bank statements. Remember that CIS deductions are not transferrable between sole-traders, partnerships and companies. If you have been paid as a sole-trader or partnership then those CIS deductions cannot be claimed by the company. Instead, you must show this income and deductions on your Self Assessment return for the year.

### Q. How do you justify a request for PDS & bank statements?

A. Finance Act 2008 (Information & Inspection Powers, Schedule 36, paragraphs 1 and 3) allows us to ask for this information. Ultimately, if the company is making a claim for repayment on P35, it will need to prove how it arrived at the figure it is claiming.

### Q. Will you pay over what is not in dispute while awaiting the other evidence?

A. We will repay the amounts that are not in dispute.

### Q. The company has other HMRC liabilities. What should I do?

A. Please tell us if you want to set off any repayment against other liabilities of the company when you send us your claim. Section 130, Finance Act 2008 allows us to set-off amounts that are due to be repaid against debts owed to HMRC, though we won't do this against an agreed time-to-pay arrangement unless you ask us to.

### Q. Can you make the company's repayment to someone else?

A. We can accept an R38/Mandate, or equivalent, if the repayment is to go to someone else. A copy of the form R38 can be found online by searching for 'R38' on our web site.

### Q. How can I contact HMRC?

A. Call us for advice on the Employer helpline. It is open from 8.00am to 8.00pm, Monday to Friday and 8.00am to 4.00pm Saturday. The helpline is closed on Sunday, Christmas Day, Boxing Day and New Year's Day.

If you have a query relating to CIS deductions made by contractors, call the CIS helpline.

### CIS Website

[www.hmrc.gov.uk/cis](http://www.hmrc.gov.uk/cis)

### Telephone Numbers

CIS helpline 0845 366 7899  
Employer helpline 0845 71 43 143  
New Employer helpline 0845 60 70 143

### Employer Office address

Send claims or any evidence we have asked for to:

PAYE Employer Office, Room BP4009  
Benton Park View  
NEWCASTLE UPON TYNE  
NE98 1Z

