

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

Companies that have CIS deductions taken from their income as subcontractors should set these off against their monthly or quarterly payments to HMRC. Companies should reduce their tax/National Insurance contributions or CIS payments by the amount of CIS deductions taken from their incoming payments.

Only companies may use this arrangement. It is not available to individual subcontractors or partnerships.

CIS deductions taken in a pay period that cannot be fully set off against payments due to HMRC for that period should be carried forward and 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 liability for that period, the company must pay over the balance by the normal payment date.

Companies need payment statements for all the CIS deductions taken from their income and should have received these from the paying contractor(s). But if the statements have not yet been received a company can still 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 16 and 17 blank.

When we have received the company's last Full Payment Submission (FPS) and Employer Payment Summary (EPS) due for the tax year, any CIS deductions that have not been set off during the tax year may be repaid. Or we may set them against any unpaid tax, depending on the amount involved.

If you need more information

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

For more guidance, go to www.hmrc.gov.uk/CIS

Enter 'M' beside figure if minus		Information from payroll records			Record of CIS deductions taken from company's income				Amounts paid				
Tax month	Ending	Net Income Tax including amounts you deducted from Col 3 of P32 or Payslip Booklet A	Net National Insurance contributions from Col 15 of P32 or Payslip Booklet B	(A + B) C	CIS deductions brought forward from earlier pay period D (from Col H)	CIS deductions taken from the company in this pay period E from deduction statements	(D + E) F	CIS deductions set off in this pay period G (lesser of C or F)	Excess CIS deductions carried forward to next pay period H (F minus G)	Tax figure to appear on payslip I See note below* (A minus G)	Net National Insurance contributions figure to appear on payslip J (figure in Col B)	Total amount paid K (I + J) See note below†	Date paid
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		◀ You will have shown the figures in this column on Employer Payment Summary (EPS) returns sent during the tax year			Totals			

* 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

Net tax payable (Column A)

Minus

200

CIS deductions set off (Column G)

100

Tax figure on payslip (Column I)

Minus

300

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