

These notes will help you fill in the paper version of the form 'CIS - company registration', CIS305

Registering by phone

You can register and apply for gross payment by phoning the CIS Helpline on **0300 200 3210**.

Registering and conditions of gross payment

To apply for registration under the Construction Industry Scheme and have payments by contractors paid to the company in full, the company must meet all of the following conditions:

- it is run in the UK with a bank account
- it has a net construction turnover of £30,000 each year for each relevant person (director and beneficial shareholder if the company is close) or at least £100,000
- the company has complied with certain tax obligations

These tests are known as the business, turnover and compliance tests and are explained below.

Business test

To pass this test:

- the company must be able to show us that it is carrying out construction work in the UK or providing labour for such work
- is run through a bank account

Turnover test

This test is based on 'net construction turnover'. This is the company's gross income from construction work excluding VAT and the cost of materials. The test looks at net construction turnover in the 12 months before the application for gross payment.

Companies that are wholly owned by companies that already have gross payment status under CIS, do not have to pass the turnover test.

Companies can take the standard test or the alternative test. To pass the standard test the company must be able to demonstrate a net construction turnover of at least £30,000 for each director, and if the company is close, for each beneficial shareholder, in the 12-month period before the date of the gross payment application. To pass the alternative test, the company must be able to demonstrate a net turnover of at least £100,000 during the same period.

Contacts

Please phone:

- the CIS Helpline on **0300 200 3210**
- the CIS Orderline on **0300 200 3210**

or go to www.gov.uk/cis

This guide is available in large print. If you would like a copy please contact your HM Revenue and Customs office.

Yr Iaith Gymraeg/Welsh language. Ffoniwch **0300 200 1900** i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

If the company's net construction turnover is not enough to pass the turnover test but its total turnover from all sources, in the 12 months up to the application, is more than the threshold, you may still be able to pass the test. See pages 4 and 5 for more information.

Compliance test

To pass the compliance test during the 12 months to the date of the application for gross payment, the company, should have done all of the following:

- completed and returned by the due date all Self Assessment Tax Returns due
- completed and returned by the due dates any monthly returns due from the company as a contractor in the construction industry
- paid by the due dates any PAYE tax and NICs due from the company as an employer
- paid by the due dates any deductions due from the company as a contractor in the construction industry

When considering whether the company has passed the compliance test we will disregard, during the same 12-month period, any or all of the following:

- 3 late submissions of the Contractor's monthly return - up to 28 days late
- 3 late payments of PAYE/NICs/CIS deductions - up to 14 days late
- any Self Assessment Return made late - up to 28 days late

If the company's application to be paid gross is unsuccessful, its construction industry payments will be paid under deduction. We will write to the company giving the actual reasons, why it has been unsuccessful along with advice on how the company can appeal.

Filling in the registration form

Help and guidance

These guidance notes will help you fill in the registration form. They do not have box-by-box notes - only notes for boxes you might need help with or want more information about. We are happy to help if there is anything you are not sure about. Please phone the CIS Helpline on **0300 200 3210**.

The company secretary should fill in the registration form.

Unincorporated bodies should also use this form to register and phone the CIS Helpline for completion guidance.

Company details

3 Unique tax reference (UTR)

Enter the reference number you would use for Corporation Tax Self Assessment purposes given to you at the time the company was registered. You will also find this on the company's Tax Return, Statements, or Payment on Account notices.

Turnover test

22 To see if the company qualifies for gross payment status you need to tell us how many relevant persons there are in the company.

By relevant persons we mean anyone who is a director of the company, and if the company is close, a beneficial shareholder.

You should enter the highest number that were in the company for the 12-month period to the date of this application.

If you are an unincorporated body you should enter member details in 'Shareholder details'.

We will carry out checks and may reject an application if we believe the number of relevant persons has been understated. The company may also be charged a penalty.

If the company's net construction turnover in the last 12 months equals or exceeds £30,000 x the number of relevant persons in box 22 or equals or exceeds £100,000, fill in the boxes.

A. Gross amount of payments (not including VAT)

To work this out add up all the income the company has had from construction work including the cost of materials it has supplied in the period. Do not include any VAT.

Construction income includes any money from any client for building and construction work, for example:

- installation
- repairs
- plumbing
- electrical work
- painting and decorating
- demolition

B. Cost of materials (not including VAT)

To work this out add up all the amounts the company has spent on materials it has used in the period. Do not include any VAT.

'Materials' means the cost (not including VAT) of:

- building materials and consumables
- fuel (excluding fuel for travelling)
- the actual amount spent on plant hire

Do not include:

- travelling expenses
- fuel for travelling
- cost of scaffolding purchased by scaffolding subcontractors

C. Net construction turnover (A minus B)

Enter details as required.

Example - for a company with 3 relevant persons

| | |
|---|--------------------|
| Gross amount of payment (not including VAT) | £ 120,000.00 |
| Less cost of materials (not including VAT) | £ 25,000.00 |
| Net construction turnover | £ 95,000.00 |
| Number of relevant persons 3 x £30,000 | £ 90,000.00 |

Net construction turnover exceeds statutory limit,
company passes turnover test.

As part of the turnover test you must be able to provide evidence to show how you arrived at the figures used in the test. The evidence must show that the company had a net construction turnover of £30,000 x number of relevant persons, or £100,000, in the period of 12 months before the date of the application.

If the company's business does not mainly consist of construction operations and your net construction turnover does not equal or exceed £30,000 x number of relevant persons, or £100,000, but total business turnover from all sources in the 12 months up to the date of the application is more than the threshold, it can still apply for gross payment.

Enter details of the company's gross turnover together with the amount of construction turnover on a separate sheet of paper. You will also need to tell us the names and addresses of the contractors the company has worked for, the value of each contract and the date the contract was agreed.

Evidence must show, for the period you have used:

- dates payments received, and
- gross amount of all payments received within the Construction Industry Scheme
- gross payments less VAT for any private work
- cost of materials (less VAT) used

There are penalties for false applications. If you give false information the company will not be granted gross payment status and could be charged a penalty of up to £3,000.

Privacy and Data Protection

How we use your information

HM Revenue and Customs is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to:

- check the accuracy of information
- prevent or detect crime
- protect public funds

We may check information we receive about you with what is already in our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HM Revenue and Customs unless the law permits us to do so.

For more information, go to www.gov.uk