

## **Construction Industry Scheme Operational Forum (CISOF)**

### **Minutes of Meeting**

**Wednesday 10<sup>th</sup> June 2015**

**Present (Industry):** Howard Royse (HR), Eric Rolfe (ER), Mike Sutherland (MS), Jim Etherton (JE), Susan Ball (SB),

**Present (HMRC):** Adrian Dixon (AD) – Chair, Ken Claydon (KC), Ian Battour (IB) – Secretary

**Apologies:** Liz Bridge, Sue Cave, Samantha Mann, Stephen Burrell, Sudeep Ganguli, Lee Knight

#### **Action Points – Arising from 13<sup>th</sup> November 2014 CISOF minutes**

##### **Second action point Page 4 – Information supplied by Contact Centres**

KC said that HMRC could not give out all information to subcontractors on Payment and Deduction Statements as there could be issues with security of data. However, HM Revenue & Customs Act 2005 does allow HMRC to offer assistance in certain circumstances where a subcontractor requires information to comply with their obligations. HR asked if this information could be published on the internet. KC said that the repayment team have instructions on this issue. **Action – KC to put together some guidance to be published to HMRC website.**

**Minutes from last meeting-** Agreed

##### **Analysis of unclaimed deductions – AD**

AD reminded the forum that the analysis on the composition of CIS unclaimed deduction surplus began with a FOI request raised by HR. AD said that over 70% of the surplus deductions are set against other Heads of Duty. AD had analysis of the tax year 11/12. He intends to write to Frank Haskew ICAEW. He then proposes to write out to the CISOF forum supplying the analysis.

##### **Repayment of surplus CIS to limited companies – KC**

KC read out an update from NIC&EO repayments team. Following ministerial commitments last year to a 25 day turnaround for repayment claims by companies, NIC&EO have confirmed that they have managed to work within this limit. They had received 95,163 claims to date. HR asked how this figure was composed as last year, the 25 day turnaround figure began again if there was further correspondence received. He also understood that only 15% of claims actually required further contact. AD suggested that the vast majority of claims would therefore be dealt with well within that limit but accepted that there would be a few more complicated cases that would take longer to turnaround. HR thought that the proposed introduction of the digital account would resolve many of the repayment issues as subcontractors would have in year information allowing them to resolve issues in year instead of at the point they wish to make a claim. HR was still concerned about subcontractors being able to request payment information from HMRC in the absence of PDS before digital accounts were introduced. AD said that under Collection and Management powers, HMRC are able to supply information in specified circumstances which allowed HMRC to resolve issues. NIC&EO were provided with guidance that if they reached a point where by providing this information the claim could be resolved, they were able to do so. HR was not sure if this was happening. HR put forward a suggestion where subcontractors could preempt this stage by providing a statement detailing the payments they have evidence of, which NIC&EO could then compare with the information they hold, then provide to the subcontractor. HR further suggested that the subcontractors could be told to supply the information if their claim was over a certain tolerance. AD thought that this would be labour intensive and cause an issue with scanning due to the volumes of information coming in which may not actually be needed to progress the claim. AD said that the introduction of digital accounts will resolve many of the repayment problems, but in the meantime, he will discuss the suggestion made by HR with NIC&EO. **ACTION POINT – AD to discuss subcontractors supplying statements with claims, shortening the process**

### **Planning and time frame for the introduction of digital accounts and update on other proposed changes – AD**

AD listed the CIS improvements previously brought to the attention of the forum. These included: online appeals, Nil Notification, digital accounts, improvements to online filing and verifications and changes to Tax Treatment Qualification test. AD mentioned that there was some issues around the Large Returns, but if there was an issue, HMRC could withhold the mandate until a time when the changes could be implemented. JE was concerned about not hearing any more about these initiatives as there is normally a 15 month lead in time for software developers. Also, developers normally release updates at the start of the Tax Year. JE suggested that persuading contractors/agents to use the proposed improved verification system would be difficult. AD suggested that a large amount of verification calls were contractors verifying subcontractors they do not need to as they have employed them within the 3 year period as they are not sure when they employed them so they verify them

to be sure. HR asked if HMRC were cutting the helpline resource. AD said that future demand is considered when introducing new systems. HR asked if there were any figures on the numbers of unregistered subcontractors attracting higher rate, which may contribute to the level of calls being received. AD answered that these are the sorts of management information that is looked at as part of the implementation. JE agreed that HMRC should not reduce the access to the helpline when the new verification system is introduced, but look to see what the demand is for a few months. SB asked if there are any plans to introduce telephone applications as she has access CIS related information this way. AD said that Government Digital Services were reluctant to introduce forms in this format due to the size of some of our forms, but this is something we are pushing for. JE asked if there is any analysis of what type of contractor is calling the helpline; are they large or small, as this may help target communications when introducing the changes to the verification service. AD said he would ask our Demand Management team if they have any figures. HR suggested that looking at the Irish CIS scheme would be useful as part of the development process for all the changes. AD agreed and said that there has been some comparison work done. AD proposed that CISOF members could be invited to view the products as they are developed. **Action – Julie Campbell to provide update. AD to ask Demand Management for statistics on sizes for verification callers at next meeting.**

### **Terms of Reference**

The draft Terms of Reference, which were circulated before the meeting, were agreed. AD said that as this was the first ToR for the Forum, one of the first things to do was a role call to see who is a member of the Forum and who they represent. The next stage would be to consider if the present composition represented the industry. **ACTION – IB to write out to all Forum members to ask who they represent etc**

### **Automated Penalty and Appeals**

IB confirmed that the Automated Penalty and Appeals system was due to go live on the 29<sup>th</sup> June. This will be available to all registered contractors/agents who currently have access to online facilities. Others will be able to register online. There will still be the facility to write in and appeal. Instructions will be on the Penalty notices due to be issued the week beginning the 6<sup>th</sup> July. IB thanked those who had already helped with publicising the new system and explained that we were having a bit of difficulty reaching contractor only schemes with information on the changes. Employer/contractor schemes would be easier as we are able to send information out in an Employer Notice. IB asked for confirmation on what information the group has send out in magazines, websites etc and the numbers these would reach. He also asked if he could have their help in testing the new system. Initially just looking at access on the 29<sup>th</sup> June and then processing a penalty appeal. IB said he would write separately requesting this help. **ACTION – IB to write out to forum.**

## **AOB**

KC said that Government Digital Services (GDS) were looking to scrap the current CIS340 which is in PDF format and convert it to HTML. However, KC has raised the usability and printing problem this may have. GDS had also stated that converting the CIS340 to HTML would be more compatible with smartphone users as statistics indicate that the majority of access to the CIS340 is via a smartphone. SB said that she has accessed the CIS340 on her smartphone. JE suggested that whatever format the CIS340 is in, it should have page numbers as references to allow easier searching. KC took away from the discussion that the CIS340 is heavily used and should be kept and that he will feed this back to GDS.

**Post meeting note:-** KC has since been told that PDF documents of this nature **must** be removed from the GOV.UK website and that we do not have any say in the matter. However, KC was then pointed towards a VAT publication which, although in html format, was set out in a single document that could be printed out, searched online and read on a smartphone. This document is at <https://www.gov.uk/government/publications/vat-notice-700-the-vat-guide>  
KC has asked HMRC's internet people to explore this option.

HR told the group that he has written a book on the history of CIS and that it is now available for purchase.

SB asked about the linkage with CIS for the new intermediary reporting obligations. AD confirmed that if an intermediary is also within CIS they would have to make both reports. SB will write separately to AD with scenarios, AD will respond copying response to the Forum. Action – **AD to respond to SB's email copying in Forum.**

HR asked if figures on the overall yield from CIS was available, KC said he will write out with this information.

**Post meeting note:-** KC has now obtained the figures of CIS yield for the last two tax years. These are - 2013/14 - £4.6 billion, 2014/15 - £5.2 billion.

**Date of next meeting – 4<sup>th</sup> November**

***Ian Battour*** (CISOF Secretary)