

Construction Industry Scheme Operational Forum (CISOF)

Minutes of Meeting

Wednesday 12th April 2016

Present (Industry): Howard Royse (HR), Mike Sutherland (MS), Jim Etherton (JE), Steve Burrell (SB), Sandeep Ganguli (SG), Andrew Courts (AC), Samantha Mann (SM), Sue Cave (SC), Liz Bridge (LB)

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

Apologies: Eric Rolfe, Maurice Denyer, Adrian Morton

Action Points – Arising from 4th November 2015 CISOF minutes

Page 3 Updating website – KC said that we have just recently received guidance on how to update the website ourselves as this work use to previously go to a central team. He will now look to update the site.

Action Point – Returns for intermediaries - AD to discuss issues raised with Mark Frampton. Post meeting, following a recent similar representation asking for clarification. AD has added the Forums thoughts/concerns to this and has requested clarification from Mark to feed back to the Forum.

LB mentioned problem with interpretation of the intermediary legislation and HR also mentioned a case which AD was aware of.

FURTHER ACTION - AD to feed back response.

Page 4 - Composition of Forum – IB wrote out to group asking for nominees. SB had come back with a proposal. IB raised with Forum the question of who they thought would fit in with the group and fill any gap in the representation. LB had suggested that she thought someone who had to work with CIS on a day to day basis as well and getting on with their existing construction business. The Group agreed with this as there was already representation from large accountancy firms and large construction businesses. MS suggested a he could approach a representative from FCSA, AD thought that the group already had trade representation. Others members also put forward nominations. **ACTION – IB to discuss with AD how best to take forward**

Minutes from last meeting- Agreed

1. How to account for payments after a contractor is charged for not making a deduction which they then reclaim from the subcontractor

LB asked for clarification in cases where a contractor has not made a deduction from a subcontractor, this has been picked up by HMRC compliance. The contractor pays the charge then reclaims from the subcontractor. LB wanted to know how this should be accounted for on the contractor's CIS returns. KC said that the contractor should supply the subcontractor with a payment and deduction statement itemising the deduction they have taken so the subcontractor has a record of the money they have paid and explaining why. This can then be supplied to HMRC if the subcontractor's records are inspected by HMRC at a later date.

LB said that she is seeing this problem where contractors are taking on subcontractors. HMRC compliance are picking up where no deductions are being made for scaffolding where there are charges under materials for the hire of the scaffold. Compliance are seeing that the scaffolder owns the scaffold but makes a claim for the use of the scaffold under the material costs in their invoices. HR agrees that this can be a problem and wondered if there was any guidance. KC said that compliance are aware of this problem and will ask the contractor for evidence of where they have questioned the hire cost. LB was aware of where contractors pay the charges as they hadn't checked. LB said that she always advises her clients to pay net to scaffolders unless they can prove that they hired the scaffold.

2. CIS Changes

KC updated the group on the CIS changes that have already come in and those that are due to come in at the end of May 16. These included, improvements to amendments and verifications and the problem with dealing with large returns. He also confirmed that the first CIS return where it would be mandated to file on line is the return up to 5th May which HMRC should receive by 19th May. **–GET COPY OF NOTE.**

SB/HR/LB – asked if there would be any consideration for penalties issued as a result of someone continuing to file by paper. KC confirmed that we will no longer accept paper returns but we were looking at how to deal with these cases when they appeal the penalty.

HR asked if HMRC were publicising the verification changes at this point. KC confirmed that details will be on the internet.

3. Verification and return changes, publication of the agreed handling of amendments for 3rd party software users – Jim Etherton

JE described an issue some 3rd party software providers have when negative figures are put into their CIS Return Software. Previously when negative figures were used the whole return would be held back and not submitted. JE said that COIN have made changes where negative figures will be replaced with zeros and the return will now be submitted. Following consultation with HMRC, it was agreed that the contractors will take a note of instances where this has happened so that this information could be supplied to HMRC if required. **ACTION – KC to let group know when the update on this goes onto the internet**

4. Better publicity for Nil Notifications – Steve Burrell

SB asked if we could better publicise the Nil Notification change. KC said that in addition to filing a return, this could also be done via the helpline or in writing. However the quickest, safest and most efficient way would be online. The helpline are guiding callers and the CIS Processing Team in Newcastle are constantly education our customers when they communicate with them.

AOB

HR asked about CIS repayments. If someone sends in a claim for a repayment, will HMRC accept their figures and deal with the claim. KC said that HMRC has relaxed procedures to allow the easier supply of information, but still within the necessary safeguarding of information. **ACTION KC to check with the repayments teams to see if they are still following the latest procedures.**

SC asked if deduction will be made available to view on the Personal Tax Account. KC said that we were currently looking at what can be provided.

AD updated on Making Tax Digital. There has been a number of early discussions including the consideration of quarterly accounts and repayments. These discussions were still in early stages and how CIS will fit into those proposals.

SB wanted to mention a problem he had with a client who has two companies, one registered in CIS and the other dormant, where the UTRs were mixed and they were having problems with HMRC rectifying the problem. KC agreed for SB to send details over to him to look at.

SM asked if there would be a review of the implementation of the Penalty Appeal System, IB answered that they were looking to do a review probably in June/July to allow for one year of data.

LB mentioned that she had participated in recent CIS webinars that KC had been involved in. KC said that there are manuscripts of the webinars available. KC also mentioned that there was a webinar coming up at the end of the month concerning the CIS changes as part of the Agent Talking Point series.

AD finished by informing the Group that this would be KC's last CISOF meeting as he would be retiring before the next meeting was due and thanked him for his knowledgeable and constructive participation in the meetings over the

years. HR and SB echoed this adding that he would be missed and that they found that he always had a very pragmatic approach towards solving issues.

Date of next meeting – TBA

Ian Battour (CISOF Secretary)