



# These notes will help you fill in form CIS – partnership registration, CIS304

## Registering for gross payment

You can register for the Construction Industry Scheme and apply for gross payment online or via the print and post form.

## Registering and conditions of gross payment

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

- it is run in the UK with a bank account
- it has a net turnover of £30,000 each year for each partner or at least £100,000
- the partnership and partners have complied with certain tax obligations

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

## Business test

To pass this test your business:

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

Partnerships can take the standard test or the alternative test. To pass the standard test, the partnership must be able to demonstrate a net construction turnover of at least £30,000 for each partner, in the 12-month period before the date of a gross payment application.

To pass the alternative test, the partnership must be able to demonstrate a net turnover of at least £100,000 during the same period.

If the partnership'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.



## Contacts

### CIS Helpline

Phone 0300 200 3210

### CIS Orderline

Phone 0300 200 3210

### Internet

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

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

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

## Compliance test

To pass the compliance test you and any business partners must, during the 12 months up to the date of the application for gross payment, have done all of the following:

- completed and returned by the due date all Self Assessment Tax Returns due from you
- completed and returned by the due dates any monthly returns due from you as a contractor in the construction industry
- completed and returned by the due dates any VAT returns due
- paid by the due dates any PAYE tax and National Insurance contributions (NICs) due from you as an employer
- paid by the due dates any deductions due from you as a contractor in the construction industry
- paid by the due date your own National Insurance contributions (NICs)
- paid by the due dates any VAT liabilities due
- supplied any information to do with your tax that we've asked for

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

- three late submissions of the contractor's monthly return
  - up to 28 days late
- three late submissions of VAT returns - up to 28 days late
- three late payments of PAYE/VAT/CIS deductions of £100 or more
  - up to 14 days late (allowed for each tax individually)
- any late payment of PAYE/VAT/CIS deductions where the amount is under £100
- any Self Assessment Tax Return made up to 28 days late

The compliance test is treated as satisfied by the firm if, at the time of the application one or more of the partners already holds gross payment status and that partner or those partners together have a right to a share of at least half of the assets, or at least half of the income of the firm. However, if the firm were to gain gross payment status in this way, the partner who already holds gross payment status cannot have been also granted it in this way or in the equivalent way for companies.

If your application to be paid gross is unsuccessful, your construction industry payments will be paid under deduction on account of your eventual tax and National Insurance contributions bill. We will write to you giving the actual reasons subject to confidentiality rules why you have been unsuccessful along with instructions on how you can appeal.

## Filling in the registration form

### Help and guidance

The partnership should decide which partner will be known as the registering partner as it will be the registering partner's responsibility to fill in the registration form. Both the partnership and registering partner will need to be registered for self-assessment.

These guidance notes will help you fill in your 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're happy to help if there is anything you're not sure about. Please phone the CIS Helpline on 0300 200 3210.

Any Trusts wishing to register for CIS should use this form.

## Registering partner's details

### 4 Registering partner's National Insurance number, if you have one

You can find your National Insurance number:

- on a document you already have, for example a P60, payslip or letters about benefits
- in your personal tax account
- in the HMRC app
- in your Apple or Google Wallet app (if you've previously saved it there)

You can use your personal tax account or HMRC app to download a letter that shows your National Insurance number.

If you do not have a National Insurance number, go to [www.gov.uk/apply-national-insurance-number](http://www.gov.uk/apply-national-insurance-number)

## Partnership details

### 10 Unique tax reference (UTR)

Enter the partnership reference number you were given for self-assessment purposes at the time the partnership was registered.

You can find this in your Personal Tax Account or on previous tax returns and other documents from HMRC. If the partnership or the registering partner does not have a UTR, you will need to 'Set up a business partnership', go to [www.gov.uk/set-up-business-partnership](http://www.gov.uk/set-up-business-partnership)

## Turnover test

32 To see if the partnership qualifies for gross payment status, you need to tell us how many partners are in the partnership. You should enter the highest number that were in the partnership for the 12-month period to the date of this application. Where a member of a partnership is itself a company, the company turnover threshold will need to be based on the numbers of directors and shareholders where the company is close.

If you are a Trust you should enter trustee details in Other partners' details on page 3 and the number of trustees in box 32.

33 We will carry out checks and may reject an application if we believe the number of partners has been understated. You may be charged a penalty. If your net construction turnover in the last 12 months equals or exceeds £30,000, x the number of partners shown in box 32 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 you have had from construction work including the cost of materials you have 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 you have spent on materials you have used in the period. Do not include any VAT.

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

- land, building materials and consumables
- fuel or plant
- the actual amount you have spent on plant hire

#### **Do not include:**

- travelling expenses
- fuel for travelling
- cost of scaffolding purchased if your business is a scaffolding subcontractor

#### **C. Net construction turnover (A minus B)**

Enter details as required.

| <b>Example - for a partnership with 3 partners</b>                                      |              |
|---|--------------|
| 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 partners 3 x £30,000  | £ 90,000.00  |
| Net construction turnover exceeds statutory limit,<br>partnership 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 you have had a net construction turnover of at least £30,000, x number of partners or £100,000 in the period of application.

If your business does not mainly consist of construction operations and your net construction turnover does not equal or exceed the £30,000 x the number of partners or £100,000 but your total business turnover from all sources in the 12 months up to the date of application is more than the threshold you can still apply for gross payment. Enter details of the partnership'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 worked for, the value of each contract and date the contract was agreed.

Evidence must show for the period you've used:

- dates payments received
- 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 you will not be granted gross payment status and you 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 2018. 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](http://www.gov.uk) and search for Data Protection Act.