

Rules for CIS contractors

The Construction Industry Scheme (CIS) is an HMRC scheme for workers in the construction sector. Businesses that employ subcontractors are required to register for CIS.

The CIS establishes rules for the payment of subcontractors. A portion of the subcontractor's pay is deducted and transferred to HMRC as tax deductions.

The contractor is responsible for deducting the sum from the subcontractor's wage and submitting it to HMRC.



As a contractor, you must register with the CIS if you hire subcontractors to carry out construction work, or you have spent more than £3 million on construction in the 12 months since you made your first payment.

You will need to register as a subcontractor if you do construction work for a contractor.

Here are some rules that CIS contractors must follow:

1. Before you begin working with subcontractors, you must first register for CIS. This can be done

online on gov.uk by registering as an employer.

2. Check the [HMRC employment status rules](#) to see if you should employ the individual rather than subcontracting the work. If they should be a worker rather than a subcontractor, you might incur a fine.
3. Check with HMRC to ensure that your subcontractors are correctly registered with the CIS. You can verify a worker's status using the [HMRC CIS online service](#).
4. When you pay subcontractors, it's usually necessary to make deductions from their payments and remit the funds to HMRC. Deductions are considered advance payments towards the subcontractor's Income Tax and National Insurance obligations. The amount deducted for registered subcontractors is 20%, however, if the subcontractor has 'gross payment status', no deductions are made.
5. You'll need to submit monthly returns to HMRC and maintain complete CIS records - you could face a fine if you don't. You can file returns by using the HMRC CIS online service. If you did not make any payments in a month, you do not need to file a return, but you will still need to tell HMRC that no return is due.
6. Any changes to your business must be reported to HMRC. This includes changes to your address, business structure or trading status. You can contact HMRC via webchat or phone.