

Sector Solutions:

## Real Estate and Construction

# Construction Industry Scheme Healthcheck:

Are you showing any symptoms?

The 'new' Construction Industry Scheme (CIS) celebrates its first birthday in April 2008. The first anniversary is a good time to stop and reflect – how effectively is your business managing the new scheme and where can improvements be made?

Non-compliance may well have severe implications, including strict financial penalties, and in certain circumstances, prosecution. You could end up paying an additional 60 per cent on top of the payments you are already making in the scheme. Or you could lose your gross-payment status, affecting your reputation in the industry. BDO Stoy Hayward can help mitigate such risks by providing you with a thorough CIS Healthcheck.

### Client benefits

- A full understanding of the scheme and how you can make it work for you
- Effective CIS processes and increased cost-efficiencies operating the scheme
- Confidence that all your processes will stand up to HM Revenue & Customs (HMRC) scrutiny
- Management of CIS risks and reduced exposure to unexpected bills and penalties.



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Treasury figures suggest that they believe the industry should be paying **an additional**

# £130m

**a year** through the CIS scheme

## No one is immune from the penalties for non-compliance

BDO Stoy Hayward's CIS Healthcheck is a comprehensive review of your CIS compliance. It is designed to help identify areas where procedures can be improved or where tax liabilities can be mitigated.

The 'check-up' begins with a one day visit to your premises and discussions with staff to allow us to establish how your business is managing its obligations under the scheme.

We will focus on the following key areas, which HMRC are actively targeting, often leaving construction businesses with significant and unexpected bills.

- **Employment status of your workforce.** This may well be the most critical risk that you face. Important areas that are assessed include labour only individuals, personal service companies and managed service companies. We will review your system for ensuring staff are aware of employment status issues and are properly trained to carry out an assessment of new workers.
- **Travel and subsistence expense arrangements.** The new processes mean that you will need to check whether a deduction needs to be made and what that deduction will be. There would be severe penalties if you get this wrong.
- **Subcontractor verification and declaration.** There is a requirement to check with HMRC if you can pay subcontractors subject to a deduction or gross and then declare to HMRC that you have done so every month. We will review and advise upon this aspect.
- **Adequacy of internal resources, processes and training.** We have developed a CIS training pack encompassing a detailed presentation for key staff, an employment status presentation for engagers, desk guides and material for subcontractors. We are happy to work with your people and at all levels to help get these messages across.

Following our visit, we will prepare a written report that highlights our findings and recommends areas for improvement. We will discuss our report and findings at a follow up meeting – providing advice on how to best implement agreed changes.

## Proven experience

Our CIS specialists have helped many construction businesses to meet the robust compliance requirements of the CIS. We provide fresh thinking, constructive challenge and a flexible approach to make sure you comply in the most efficient and cost effective way.

We have an experienced and nationwide team of experts in CIS and employment status issues. Our team knows how HMRC approach compliance matters, so our Healthcheck will look at your procedures in the same way that HMRC would.

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## Key contacts

Please contact our Head of Construction, Richard Kelly if you would like to discuss this further:

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or contact one of our local specialists:

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