

CIS Compliance Policy

1. Introduction

Purpose and Scope

This CIS Compliance Policy outlines the responsibilities, procedures, and processes for ensuring compliance with the Construction Industry Scheme (CIS) as mandated by HMRC. It applies to all employees, subcontractors, and officers of Youco involved in the engagement of subcontractors under the CIS.

Legal Framework

The policy is governed by UK legislation, particularly the Construction Industry Scheme (CIS) regulations and HMRC guidance. It also ensures compliance with related tax laws and data protection standards.

2. Roles and Responsibilities

Youco and Subcontractor Obligations

Youco is responsible for verifying the CIS registration of all subcontractors and deducting the appropriate amount of tax from payments made to subcontractors, as required by law.

Subcontractors must provide the necessary details for verification, including their UTR (Unique Taxpayer Reference) and National Insurance number.

Payroll and Finance Responsibilities

The payroll and finance departments at Youco are responsible for ensuring all CIS deductions are correctly calculated, recorded, and reported to HMRC. They will also provide subcontractors with deduction statements.

3. Subcontractor Verification

HMRC Verification Process

Before making any payments to subcontractors, Youco must verify their CIS status with HMRC. This verification process determines the correct deduction rate (standard, higher, or gross payment status).

Recording Subcontractor Status

The verified status of each subcontractor must be recorded and maintained within Youco's records. This includes documenting their UTR and the verification number provided by HMRC.

4. CIS Deductions

Deduction Rates

- **Standard Rate:** Applied to verified subcontractors (20%).
- **Higher Rate:** Applied to unverified subcontractors (30%).
- **Gross Payment Status:** Subcontractors who qualify for no deductions due to their gross payment status.



Calculating and Recording Deductions

Deductions must be calculated accurately based on the subcontractor's verification status. Youco will retain appropriate records to ensure transparency and compliance in deductions.

5. Payments and Statements

Subcontractor Payments

Payments to subcontractors will be made after the appropriate deductions under the CIS. Payments must adhere to the agreed schedule, ensuring that all legal obligations regarding tax deductions are met.

Deduction Statements

Each month, Youco will provide subcontractors with a statement showing the amount of tax deducted under the CIS. These statements must include the total payment made, the amount deducted, and the remaining amount paid.

6. Reporting to HMRC

Monthly CIS Returns

Youco is required to submit monthly CIS returns to HMRC, detailing all payments made to subcontractors and the corresponding deductions. The returns must be submitted by the 19th of each month following the reporting period.

Correcting Errors and Penalties

If errors are identified in submitted returns, they must be corrected promptly. Late submissions or inaccuracies may result in penalties from HMRC, which Youco must work to avoid by adhering to internal compliance checks.

7. Compliance and Record-Keeping

Internal Reviews and HMRC Audits

Regular internal reviews will be conducted to ensure compliance with CIS regulations. In the event of an HMRC audit, Youco must be able to provide accurate and up-to-date records of all subcontractor payments and deductions.

Record Retention

Youco is required to retain all CIS-related records for a minimum of six years. This includes verification details, deduction statements, and monthly returns.

8. Training and Awareness

Staff and Subcontractor Training

All relevant staff, including those in finance and payroll, must receive regular training on CIS requirements to ensure proper implementation of the policy. Subcontractors will also be provided with guidance on their responsibilities under CIS, including tax deductions and verification procedures.

9. Data Protection

Handling and Storing Subcontractor Data

Youco will handle and store subcontractor data in compliance with GDPR and other relevant data protection laws. All personal data, including UTRs and payment details, must be stored securely and only accessed by authorised personnel.

10. Review and Updates

Policy Review and Legislative Changes

This policy will be reviewed annually or whenever there are changes in legislation to ensure it remains compliant with current laws and regulations. Any updates to the policy will be communicated to all staff and subcontractors in a timely manner.