

## These notes will help you fill in the paper version of the form 'CIS - partnership registration', CIS304.

### Registering online

You can register for the Construction Industry Scheme and apply for payment under deduction online. If you would prefer to do this, go to [www.hmrc.gov.uk/new-cis](http://www.hmrc.gov.uk/new-cis)

You cannot register online for gross payment.

### Registering by phone

You can also register and apply for gross payment by phoning the CIS Helpline on **0845 366 7899**.

### 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 £200,000
- the partnership and partners have complied with all 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, and
- 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.

### Contacts

#### CIS Helpline

Phone **0845 366 7899**

#### CIS Orderline

Phone **0845 366 7899**

#### Internet

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

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

Yr Iaith Gymraeg/Welsh language. Ffoniwch **0845 302 1489** i dderbyn fersiynau Cymraeg o ffurflenni a chanllawiau.

To pass the alternative test, the partnership must be able to demonstrate a net turnover of at least £200,000 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 page 5 for more information.

## 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 all tax returns sent to you
- supplied any information to do with the partnership and your tax that we have asked for
- paid by the due dates all tax due from yourself or the business
- paid by the due dates all National Insurance contributions (NICs)
- 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.

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 payments of PAYE/NICs/CIS deductions - up to 14 days late
- one late payment of the partners self-assessment tax - up to 28 days late.
- any employer end of year return made late
- any Self Assessment return made late
- any failures classed as 'minor and technical' in relation to your obligations under the old scheme where these fall within the 12-month period up to your application.

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 are happy to help if there is anything you are not sure about. Please phone the CIS Helpline on **0845 366 7899**.

Any Trusts wishing to register for CIS should use this form and phone the CIS Helpline for completion guidance.

## Registering partner's details

4

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

You can find your National Insurance number on:

- your National Insurance contributions (NICs) Class 2 bill or the bank direct debit
- any document or letter from the National Insurance Contributions Office, Benefits Agency or Department for Work and Pensions, including
  - National Insurance card, RD3
  - Deficiency notice, RD170
  - National Insurance number correction, CA6856
- any correspondence from HMRC showing your National Insurance number.

If you do not have a National Insurance number you will need to take this form with two proofs of identity, one preferably displaying your photograph, to your local Enquiry Centre. Types of acceptable identification documents are:

- birth certificate
- passport
- driving licence
- utility bill
- council tax bill.

If a National Insurance number is provided but we are unable to verify it with our records you will also be asked to take the form with two proofs of identity one preferably displaying your photograph to your local Enquiry Centre. You will need to make an appointment. You can call the CIS Helpline on **0845 366 7899** to arrange for one to be made for you or you can call into an Enquiry Centre who will also make an appointment for you.

## 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 will also find this on your Tax Return, Statements, or Payment on Account notices. If either the partnership or the registering partner do not have a UTR please phone the CIS Helpline on **0845 366 7899** for more information.

## 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.

Example - the threshold for a partnership with two individual partners and one company with three directors would be  
 $2 \times 30,000 + 3 \times \text{£}30,000 = \text{£}150,000$ .

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.

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.

33

**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 £200,000, 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
- any amount in respect of Construction Industry Training Board levy.

#### 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	<b>£ 90,000.00</b>
Net construction turnover exceeds statutory limit, 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 £200,000 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 £200,000 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 have used:

- dates payments received, **and**
- gross amount of all payments received within the Construction Industry Scheme
- gross payments less VAT for any private work, **and**
- 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 & Customs is a Data Controller under the Data Protection Act 1998. 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 & Customs unless the law permits us to do so. For more information go [www.hmrc.gov.uk](http://www.hmrc.gov.uk) and look for *Data Protection Act* within the *Search* facility.