Draft Order laid before the House of Commons, under paragraph 13(2) of Schedule 11 to the Finance Act 2004, for approval by resolution of that House.

DRAFT STATUTORY INSTRUMENTS

2016 No.

CORPORATION TAX

INCOME TAX

The Income Tax (Construction Industry Scheme) (Amendment of Schedule 11 to the Finance Act 2004) Order 2016

Made - - - -	***
Coming into force - -	*6th April 2016*

The Treasury make the following Order in exercise of the powers conferred by paragraph 13(1)(b) of Schedule 11 to the Finance Act 2004(**a**).

A draft of this instrument was laid before, and approved by a resolution of, the House of Commons in accordance with paragraph 13(2) of Schedule 11 to the Finance Act 2004.

Citation and commencement

1. This Order may be cited as the Income Tax (Construction Industry Scheme) (Amendment of Schedule 11 to the Finance Act 2004) Order 2016 and comes into force on 6th April 2016.

Schedule 11 to the Finance Act 2004

2. Schedule 11 to the Finance Act 2004 is amended as follows—

(a) in paragraph 4(1) for paragraph (a) substitute—

"(a) any obligation imposed on him in the qualifying period (see paragraph 14)—

(i) to pay the amount liable to be deducted under section 61 of this Act from payments made during that period,

(ii) to submit returns as required by regulations made under section 70 of this Act,

(iii) to pay the tax liable to be deducted under the PAYE Regulations (S.I. 2003/2682)(**b**), and

(iv) to submit a self-assessment return, and";

(b) in paragraph 8(1) for paragraph (a) substitute—

"(a) any obligation imposed on that partner in the qualifying period (see paragraph 14)—

(**a**) 2004 c. 12.
(**b**) S.I. 2003/2682, to which there are amendments not relevant to this Order.

(i) to pay the amount liable to be deducted under section 61 of this Act from payments made during that period,

(ii) to submit returns as required by regulations made under section 70 of this Act,

(iii) to pay the tax liable to be deducted under the PAYE Regulations (S.I. 2003/2682), and

(iv) to submit a self-assessment return, and"; and

(c) in paragraph 12(1) for paragraph (a) substitute—

"(a) any obligation imposed on it in the qualifying period (see paragraph 14)—

(i) to pay the amount liable to be deducted under section 61 of this Act from payments made during that period,

(ii) to submit returns as required by regulations made under section 70 of this Act,

(iii) to pay the tax liable to be deducted under the PAYE Regulations (S.I. 2003/2682), and

(iv) to submit a self-assessment return, and".

Name
Name

Date

Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends Parts 1, 2 and 3 of Schedule 11 to the Finance Act 2004 (c. 12) which set out the three tests or conditions which a sub-contractor in the construction industry must satisfy to be registered for payments to be made to it gross (i.e. payments from which there are no deductions on account of tax under the Construction Industry Scheme). Part 1 sets out the conditions which must be satisfied by an individual where the application is made by an individual to be registered for gross payment. Part 2 sets out the conditions which must be satisfied by a firm where there is an application by an individual or a company to be registered for gross payment as a partner in a firm. Part 3 sets out the conditions that must be satisfied by a company where there is an application for the company to be registered for gross payment.

Article 2 amends the compliance test in paragraphs 4, 8 and 12 of Schedule 11 to reduce the number of obligations that an applicant must have complied with in the qualifying period, which is defined in paragraph 14 as being the period of 12 months ending with the date of the application for gross payment status. As a consequence of this instrument an applicant will now only be required to have met its obligations to file monthly returns in respect of the construction industry scheme, its obligation to file a self-assessment return or a corporation tax return and to have paid to HMRC the amounts which the applicant was liable to have deducted under section 61 of the Finance Act 2004 and under the Income Tax (Pay As You Earn) Regulations 2003 (S.I. 2003/2682).

A Tax Information and Impact Notice covering this instrument was published on 10th December 2014 and is available at https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins.It remains an accurate summary of the impacts that apply to this instrument.

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