HMRC - CISR69050 - Monthly Returns Return Period Exemption

The function ‘Maintain Return Exemption’ will allow the user to mark a specific return period as exempt from filing a return for that period. (The same function is also used to remove an exemption if necessary). The effect of this is that although the return may already have been issued to the scheme (or will be issued in the normal way at the required time) a completed return will not be expected for that period.

An exemption may need to be set where;

A compliance officer completes an Employer Compliance Review which includes CIS deductions and manual penalties in the settlement. (as any outstanding returns will have been swept up in the global settlement specific returns for these periods will not be required).

Scheme registration or cessation details do not reflect the dates the first or last payments were received. For example, where the contractor registers for CIS on 1 May 2007 and makes the first payment to his subcontractors on 30 May the system will expect a return for the period 1 May to 5 May 2007 inclusive. Setting the exemption for the return period May 2007 will inform the system that a return is not due for that period.

A period of Inactivity was requested by the contractor but was not processed in time to prevent the return to which the period of Inactivity applied from being issued. (If the contractor is prepared to submit a nil return however the exemption will not be necessary).

DMB wish to cease pursuit of an outstanding return.

For years up to and including 2012-13 where EOY finalisation had been unsuccessful and the request to set the exemption had come from DMB, maybe because BROCS had been unable to balance the amount from CIS returns with payments received.

Where an exemption for a return period was set or subsequently lifted it could have resulted in a change to the End of Year status for years up to and including 2012-13 for the scheme for the tax year concerned, (see CISR69020 Contractor Scheme End of Year Process which provides an overview of the EOY automated process which occurred for years up to and including 2012-13 and the different status types that could have been given to the EOY figure). Any return period set with a return exemption was not included in the EOY totals for these years unless there was a return already captured for that period.

DMB will also cease pursuit of any outstanding returns for periods where Return exemptions are set although CIS penalties will still be issued for the late returns unless at the same time penalty inhibitions for each return outstanding are also set. If the return is received after a Return exemption is set then CIS penalties will still have been issued for all penalty instances up to the date of receipt of the return (unless penalty inhibitions for the return received had been set).

When an exemption is set against a period that is already being pursued by DMB an automatic update will be sent to IDMS informing them to cancel the action. In reverse, if the exemption is removed the automatic update will be sent to DMB and result in the contractor scheme being liable for the submission of the return in the normal manner.

If the return period exemption is set for a period where (for years up to and including 2012-13) the EOY total has already been calculated then the system recalculated the EOY total. If the EOY position changed as a result of the Return exemption the system sent an EOY amendment for the affected year to BROCS.

Occasionally it may be found that a return period that has an exemption set against it should now be lifted. For example, DMB requested the return exemption was set believing the contractor was abroad indefinitely. However at a later date you now realise that the contractor has returned to the UK. Before removing the exemption you should always liase with the ‘unit’ that authorised the initial exemption making them aware of the consequences following the removal of the exemption. You should also give consideration to the removal of any penalty inhibitions which have also been set.

It should be noted that although return period exemptions are maintained in a similar way to penalty inhibitions, (see CISR65070), they are in no way linked. You will need to consider whether a penalty inhibition should also be set when setting a return exemption as the system will continue to issue penalties in respect of the outstanding return even though that return is now no longer due. When a return exemption has been set and it is later decided that the return is indeed due the exemption should be lifted. However, if the return period has not been marked as inhibited from receiving a penalty and the return is received late the penalty will be issued in the normal way.

You will be able to view any return periods which have exemptions set against them as well as the reasons for the exemption within CISR90090 View Customer: contractor scheme End of Year Totals.

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