HMRC - CISR72060 - Payment And Deduction Statement

The Payment and Deduction Statement (PDS) is the subcontractor’s receipt from the contractor showing how much has been paid and how much has been deducted from the payments. The PDS cannot be used on its own to support repayment claims which must be based on the subcontractor’s SA return or on forms CIS40 and CIS41, where the claim is a formal in-year repayment claim.

Contractor obligations

The PDS is completed by the contractor and given to the subcontractor as evidence of deductions under FA04/S61 (1).

The PDS can be issued on the basis of one for each tax month or one for each payment, if this is more frequent.

It must be given to the subcontractor within 14 days of the end of the tax month to which it refers.

The PDS may be issued by electronic means but only where both parties agree to this method and the statement is in a form that allows the subcontractor to store and print it.

Contractors can choose the style of the PDS but they must include the following information

the contractor’s own name and employer’s tax reference

the end date of the tax month in which the payment was made such as “tax month ending 5 September 2016”, or the date of payment where the PDS relates to a single payment

name

unique taxpayer reference number (UTR)

the ‘unmatched’ verification number for any subcontractor that could not be ‘matched’ during the verification process and where a deduction at the higher rate has been made

the gross amount of the payments made to the subcontractor

the cost of any materials that has reduced the amount against which the deduction has been applied

the amount of the deduction.

There may be other information that a contractor may want to put on the statement to enable the subcontractor to understand the payment that has been made. For example, this may include the amount of VAT charged by the subcontractor.

A copy of a Payment and Deduction Statement (PDS) is available for contractors to download for their use from the GOV.UK website at https://www.gov.uk/government/collections/construction-industry-scheme-forms-and-publications; a copy of the PDS is also available at CISR96020.

Top of page

Duplicate payment and deduction statements

If a PDS does not reach a subcontractor or is otherwise lost, the subcontractor may ask the contractor for another copy. Contractors may issue duplicates in such cases but the duplicate must be clearly marked “Duplicate” to avoid any confusion with the missing PDS if it is later found.

Top of page

Checking payment and deduction statements

Where you need to check a PDS against what is shown by the CIS system to consider claims for credit or repayment you should examine the statement to check that it contains all the information stated within the paragraph ‘Payment and Deduction Statement’ above.

It must also be established that the contractor has submitted a monthly return (CIS300) showing the payments made to the subcontractor as well as the deductions, which agree with the payment and deduction statement.

In any case where the PDS does not agree with what the CIS system shows, you may not be able to accept a claim for credit or repayment.

The procedure for examining and checking a payment and deduction statement can be found at CISR73020 and CISR73030 respectively.

Previous page

Next page