HMRC - CTM92170 - Corporation Tax Self-Assessment Repayment Of CIS25/SC60 Tax

Companies that are subcontractors in the construction industry and do not hold gross payment status under the CIS rules are liable to suffer deductions under FA04/S61 from payments to them under contracts relating to construction operations.

From 6 April 2002 relief cannot be claimed through Corporation Tax.

For deductions suffered on or after 6 April 2002 CIS deductions are no longer ‘relevant payments’ and set against CT liabilities. CIS deductions can only be used to set against employer liabilities. These employer liabilities will be deductions for Tax, NIC’s or CIS deductions they have made from their own employees or subcontractors that they are due to pay over to HMRC.

CIS deductions taken from a company’s own income cannot be repaid to the company from COTAX. Claims for credit or repayment of CIS deductions must not be included in the company tax return. Where, after dealing with a set off against employer liabilities, there is an overpayment on the employer/subcontractor record, a company can request that the overpayment be set against any CT outstanding. PT Operations staff at the Employers Office NICEO will deal with such request through a reallocation into COTAX.

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