



Sage 50 Accounts Construction Industry Scheme (CIS)



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Sage 50 Accounts Construction Industry Scheme CIS

The Sage 50 Accounts CIS module is designed for anyone who carries out construction work in the UK as a contractor and is registered to the Construction Industry Scheme (CIS).

It will help you manage the payments you make to subcontractors and the deductions and returns you need to send to HM Revenue and Customs (HMRC).

HMRC have successfully tested and recognised Sage 50 Accounts CIS to both submit the Monthly Online Tax Return (CIS 300) and perform electronic verification of subcontractor information.

This guide explains the features of the CIS module and how it works with Sage 50 Accounts.

The guide does not detail all the features you can use in Sage 50 Accounts. Its focus is on the CIS module. To get the most out of Sage 50 Accounts, you also need to refer to the information supplied in the Sage 50 Accounts Help system. To view the Help system, from the software's menu bar, choose Help > Contents and Index. Alternatively, if you are working with one of the software's windows and want information about the window, press the F1 key.

The benefits of Sage 50 Accounts CIS

- Ensure you comply with CIS rules and minimise the possibility of incurring penalties from HM Revenue & Customs (HMRC).
- Store your records ready for an audit by HMRC.
- Check your subcontractor details with HMRC before making payments to them (e-Submissions). See *Verifying subcontractors with HM revenue & customs (HMRC)* on page 15.

To check subcontractor details and electronically send your monthly CIS Return to HMRC, we have included e-Submissions. e-Submissions sends certain information, for example about subcontractors, across the Internet and then checks it against data held by HMRC. This reduces the time you spend on the phone, printing forms, and posting information.

To make sure everything goes smoothly, when you submit your information to HMRC, we have included the e-Submissions wizard. The wizard appears each time you submit information. It checks the accuracy of the information you want to submit and then sends the information to HMRC for you.

- Record paid work that has been completed by your subcontractors, including materials used and any tax deductions that apply. See *Recording work done and materials used* on page 19.
- Generate your CIS monthly return. See *Generating your CIS monthly return (CIS 300)* on page 24.
- Submit your CIS monthly returns to HMRC electronically. See *To submit your CIS monthly return (CIS 300)* on page 26.
- Record payments you make to subcontractors. See *Paying subcontractors* on page 20.
- Generate a monthly statement of tax deductions to give to your subcontractors. See *Sending statements to subcontractors* on page 22.
- Send electronic payments to subcontractors and HMRC, using e-Banking. See *Sending tax deductions to HM revenue & customs (HMRC)*.
- Control who can view, create and change your subcontractor records with access rights and passwords. You may even want to restrict who can use e-submissions to verify subcontractors and submit your monthly return to HMRC. Detailed information about access rights is provided in the software's Help system.

HM Revenue & Customs have successfully tested and recognise Sage 50 Accounts CIS to both submit the Monthly Online Tax Return (CIS 300) and perform electronic verification of subcontractor information.

You can send the data from this window to Microsoft® Excel. To do this, with this specific Accounts data window selected, click To Excel (Alt+X).

CIS nominal accounts

The software uses nominal accounts to record the amounts you earn or spend as a result of running your business. As a whole, nominal accounts are referred to as your Chart of Accounts (COA) and are used to work out the profit and loss and overall worth of your business.

You can choose from a range of COAs when setting up Sage 50 Accounts. Each COA is designed for different business types, whether you are running a garage or building properties.

The COA groups the nominal accounts into categories such as Sales, Purchases and Direct Expenses. Each category has a number range, and each nominal account has its own unique nominal code, which slots into the relevant category range. For example, the category Sales has a range of 4000 - 4999. Within that range you can have many nominal accounts for sales such as 4000, 4001, 4002 and 4009.

Within the COA you need to choose nominal accounts for CIS. When you activate the CIS module we can create these for you based on the following list.

Nominal account	Category type
CIS Labour	Direct Expenses
CIS Materials	Direct Expenses
CIS Other Labour	Direct Expenses
CIS Other Materials	Direct Expenses
CIS Tax Control	Current Liabilities
CIS Tax Liability	Current Liabilities
CIS CITB Levy*	Overheads
*This nominal code is used to record a CITB levy, which is payable to the CITB-Construction Skills organisation. You must get the subcontractor's agreement before deducting a levy from their payment.	

If you want to use different nominal codes, you can change them as you activate the CIS module. If you decide you want to use different nominal codes for CIS purposes after you have activated the module, you can change them in your Company Preferences.

Two of the nominal accounts are set as control accounts. Control accounts deal with totals for key accounting transactions such as the total for VAT on Sales or Debtors Control which is the total amount you are owed for unpaid sales. As a rule, when transactions are recorded the software directs the right amounts to control accounts for you.

The nominal accounts set as control accounts for CIS are:

- CIS Tax Control: This nominal account holds the value of tax from subcontractors' payments before the money is included on the CIS monthly return (CIS 300).

- CIS Tax Liability: This nominal account holds the value of the tax deductions from subcontracts' payments once the monies have been included in the CIS monthly return and are ready to be paid to HMRC.

Setting up a connection to HM revenue & customs (HMRC)

A connection to HMRC is needed if you want to use e-Submissions. to electronically check your subcontractor details and send your monthly CIS returns to HMRC.

e-Submissions sends certain information, for example about subcontractors, across the Internet and then checks it against data held by HMRC. This reduces the time you spend on the phone, printing forms, and posting information.

To make sure everything goes smoothly, when you submit your information to HMRC, we have included the e-Submissions wizard. The wizard appears each time you submit information. It checks the accuracy of the information you want to submit and then sends the information to HMRC for you.

To take advantage of this method you need to:

1. Register with the Government Gateway. To register, visit www.hmrc.gov.uk.

When you receive your User ID and Activation PIN, you must activate these within 28 days from the date shown on your Activation PIN letter. If you do not you have to repeat the registration process. Your letter explains how to activate your registration.

2. Check you have a compatible Internet browser.

Your Internet browser must:

- Have Javascript and Cookies enabled. Check with your IT Administrator if you need more help and information.
- Be capable of supporting 128-bit SSL.

This ensures that the data you submit is secure. For example, in Internet Explorer, from the menu bar, open Tools, menu and choose Internet Options. Choose the Advanced tab. From the list of security settings, ensure the Use SSL2.0 and Use SSL3.0 check boxes are selected. Click Apply and then click OK.

3. Enter your User ID and Activation PIN into the software's e-Submissions settings.

These details can only be entered once you have activated the CIS module. The CIS module is activated when you run the CIS Activation wizard. See *Using the CIS activation wizard* on page 10.

Each time you send information to HMRC using e-Submissions, the software displays these details for you to check, before submitting the information.

Note: From time to time we make changes to the e-Submissions module. If this does happen you are notified and advised to update your module. To do this:

1. Choose Help > Check for CIS Internet Submissions Updates.
If you need an updated module a message appears. Read the message carefully.
2. To progress, click Yes.
The Download window appears. After a short wait, a message appears.
3. Click OK and close your software.
4. Click Finish > Accept Licence and follow the instructions to complete the installation.

Setting up CIS

To get CIS ready to use:

- ☐ Run the CIS Activation wizard. The wizard is designed to capture your CIS information and set up the items needed for the software to work correctly. See *Using the CIS activation wizard on page 10*.
- ☐ Set up subcontractors records. See, *Setting up subcontractor records on page 12*.
- ☐ Record opening balances. If you have created new subcontractor records, record opening balances for them. If you have added CIS subcontractor details to existing supplier records, this is not necessary.

Full details about open balances are provided in a supporting guide; just follow the instructions given for suppliers. The guide is supplied as a PDF with the software. To view the guide, from the menu bar, choose Help > PDF Guides > Opening Balances.

Using the CIS activation wizard

You must use the CIS wizard to activate the CIS module. It is easy to use; all you need to do is follow the on screen instructions. It captures CIS information in a controlled way so that nothing important is missed.

The key things the wizard deals with are:

- Registering your CIS module.

This is done as part of the CIS activation wizard, when you enter the module's Serial Number and Activation Key. You can find this information on the despatch note supplied with your software.

- Creating nominal codes for CIS use.

We suggest a list of nominal accounts that are created for you, when you run the CIS Activation wizard. See *CIS nominal accounts on page 6*.

- Capturing your CIS details.

These are your CIS registration details with HM Revenue & Customs (HMRC), such as your Unique Taxpayer's Reference (UTR).

If you don't have your CIS details, you do not have to enter them into the wizard. You can enter them into the software another time. However, until the details are recorded you cannot use e-Submissions to submit information to HMRC. When you have the details, choose Settings > Company Preferences > CIS tab, and then enter the details into the CIS Details section of the window.

- Capturing your e-Submissions details.

These are the User ID and Activation PIN you received when you registered with the Government Gateway. See *Setting up a connection to HM revenue & customs (HMRC) on page 8*.

If you have not yet registered with the Government Gateway you can enter these details into the software another time. When you have the details choose Settings > Company Preferences > CIS tab. Enter the details into the e-Submissions Credentials section.

- Setting up CIS Tax Rates.

The software sets up two rates for you: the standard rate and the higher rate. At the time of publication these rates are 20% (Net) and 30% (Higher). The rates are subject to change, you should check HMRC's website regularly for the latest information. If they do change you would need to change the rates in the software. Choose Settings > Company Preferences and then click the CIS tab.

To use the CIS module activation wizard

1. Choose Tools > Activation > Enable Construction Industry Scheme.

The CIS Module Activation wizard appears.

Detailed information about the procedure is provided in the software's online help.

Setting up subcontractor records

Subcontractor records hold key details about the subcontractors you deal with and the financial relationship you have with them. Without these records you can't process subcontractor payments using Sage 50 Accounts.

A subcontractor record is basically a supplier record, with additional information held on the CIS tab.

What is stored on the subcontractor's record?

- Their name and references, which makes them identifiable to you and HMRC.
- How often the subcontractor is paid.
- If payments are to be made using a third party
- If the subcontractor's monthly statement of deductions can be sent to them electronically using email.
- Whether deductions for tax are made or if the subcontractor is paid the gross amount. This all depends on the subcontractor's tax status held by HMRC.
- A tax history, which you can use to check their tax rate at different times in the year.

You can also use the Tax History to change the subcontractor's tax rate for a given period. However, the tax rate can only be changed for current and future tax months, not tax months that have been included in your CIS monthly return.

At the time of publication, subcontractors may be in possession of valid CIS Registration Cards or a certificate issued by HMRC. You can view details of these in the Pre-2007 information section on

the subcontractor's record.

Pre-2007 information

CIS type:

Reg. Card/Cert.?

Reg. Card/Cert. no:

Valid from:

Valid to:

It is important to enter the correct information into the subcontractor's record, as it affects the subcontractor's pay and the information you send on a monthly basis to HMRC.

What should I do if I have a subcontractor who is also a supplier?

If you have a supplier that is also a subcontractor we recommend you set up a supplier record with the additional CIS subcontractor details, not separate supplier records. This keeps all information about purchases and work carried out on a single record. For business reasons you may prefer to create separate supplier records, with one used to record the additional CIS subcontractor details, but there are no software benefits to be gained from doing this.

From the record you can view the subcontractor's tax history to check their tax rate at different times in the year. To do this, in the Verification status section of the CIS tab, select Tax Treatment.

You can also use the Tax History to change the subcontractor's tax rate for a given period.

However, the tax rate can only be changed for current and future tax months, not tax months that have been included in your CIS monthly return.

Tax History

Select a tax treatment to edit or delete or record a new one:

Tax treatment	Valid from	Valid to
Net (standard rate)	06/04/2007	31/12/2049

NB: historical tax treatments cannot be edited or deleted if payments have been posted in the treatment's effective period.

You can also verify a subcontractor, when viewing their record. Alternatively, you may prefer to verify several subcontractors at the same time using the CIS Subcontractor Verification Wizard. See, *Verifying subcontractors with HM revenue & customs (HMRC)* on page 15.

How do I set up subcontractors records?

You can:

- Add subcontractor details to an existing supplier record by clicking the record's CIS tab and then clicking Add CIS subcontractor details.

Note: To add CIS subcontractor details to an existing supplier record, the record must use pounds sterling as its currency. You cannot add CIS subcontractor details to foreign currency supplier records.

- Create a supplier record and then add the subcontractors details to it.

You need to create a supplier record from scratch, entering details directly into a blank supplier record. To do this, choose Suppliers > Record. To include the subcontractor's information, click Add CIS subcontractor details on the CIS tab.

Full details on how to set up subcontractor details are provided in the software's Help system.

Dealing with subcontractors

Subcontractors can be viewed in the Subcontractors list, as well as the Suppliers list. You may prefer to view subcontractors from the Subcontractors list. This provides access to more of the tasks you will want to carry out for a subcontractor, such as processing payments.

A/C	Name	Balance	UTR	Last Verified Date
CBIGGINS	Happy Plumbers	0.00	6456789012	
DENBYROD	Denby Roofing	0.00	2567890123	
FBINGHAM	Fred George Bingham	0.00	9345678901	
JOHNSMIT	John Smith	0.00	2234567890	

0 of 0 suppliers selected, total balance: 0.00

Buttons: Swap, Clear, Delete, Print List, To Excel, Duplicate, Batch Change, Close

Verifying subcontractors with HM revenue & customs (HMRC)

Subcontractor details must be verified with HMRC before payments to them can be processed. However, it is possible that a subcontractor is already verified with HMRC, for example, if they have a valid tax certificate or registration card. See *CIS frequently asked questions* on page 29.

We have included a quick way for you to verify subcontractors over the Internet using e-Submissions. Your PC must be connected to the Internet, as the software needs to connect to the information held by HMRC. You also need to have registered with the Government Gateway and entered your User ID and Activation PIN into the software's e-Submissions settings. See *Setting up a connection to HM revenue & customs (HMRC)* on page 8.

How does e-Submissions work?

- The software sends certain details held in subcontractor records to HMRC; therefore, it is important those details are correct.
- When you choose to verify subcontractors the CIS Subcontractor Verification wizard appears. You then choose the subcontractors you want to verify. You can select one, several or all subcontractors, up to 100 in total.
- When you verify subcontractors there are two possible outcomes. Either the subcontractors are recognised as being registered to the scheme or they are not.

- The subcontractor is recognised by HMRC.

The wizard displays a tax rate for the subcontractor. This is used to calculate the subcontractor's payments. The software updates the subcontractor's record to indicate a status of Verified with HMRC, together with the tax rate, verification number and date.

- The subcontractor is not recognised by HMRC.

The subcontractor is highlighted in the wizard's window. A tax rate is not displayed.

If you are sure the subcontractor's details are correct, you can choose to continue to verify the subcontractor. This means HMRC applies the higher rate of tax to the subcontractor. The software updates the subcontractor's record to indicate a status of Verified with HMRC, together with the tax rate, verification number and date. A suffix is added to verification number for an unrecognised subcontractor. For example V0000543267/B.

If you do not want to use e-Submissions you can contact HMRC by phone and verify your subcontractors with them. Once you have the information you need you can then update the subcontractor records yourself.

Note: If a subcontractor has agreed to pay a third party, the third party supplier associated with the subcontractor's record is also verified. This follows the CIS rules set by HMRC. The tax status of the third party supplier with HMRC can affect the tax rate applied to the subcontractor. See *CIS frequently asked questions on page 29*.

To verify subcontractors using e-Submissions

1. Choose Suppliers > Subcontractors List.

The Subcontractors list appears.

2. Select the sub-contractors you want to verify.

Tip: If you don't select sub-contractors your software picks up all sub-contractors that need to be verified.

3. Click Verify Subcontractors.

The CIS Subcontractor Verification wizard appears.

It displays the subcontractors that need to be verified or those selected subcontractors from the Sub-Contractor list.

CIS Subcontractor Verification

CIS Subcontractor Verification

1 Select Subcontra...
2 Check Data
3 Review Results

Select subcontractors to verify

The subcontractors selected below will be submitted for verification:

A/C	Name
SIDJAMES	Sidney James

Swap
Clear

By clicking Next, you are confirming that you are engaged in business with the selected subcontractors and that all information is correct to the best of your knowledge.

Cancel Back Next

- If you are satisfied the information on the subcontractor record(s) is correct, click Next to proceed.

The Internet Submission window appears.

Internet Submissions

Important Notice

You have selected to submit the **CIS Request** details for your subcontractors.

This process cannot be reversed. Are you sure you want to continue?

We capture some data during the submission: to find out more please [click here](#). None of the data we capture constitutes personal data for the purposes of the Data Protection Act 1988.

You may be penalised or prosecuted if you make false statements.

Continue Close

- To proceed with the verification, click Continue.

The Check your Details window appears.

The screenshot shows a window titled 'Internet Submissions' with a sub-header 'Check Your Details'. Below the header, there is a message: 'The following credentials will be used by the submission process. Please ensure they are correct. NOTE: Any changes made will not be saved once the submission has been completed.' The window is divided into two main sections: 'Gateway Registration' and 'Company Details'. In the 'Gateway Registration' section, the 'User ID' field contains 'CIS023' and the 'Password' field contains '*****'. In the 'Company Details' section, the 'Name' field contains 'Scenario1' and the 'Tax Office/Reference' field contains '123 / R023'. At the bottom of the window, there is a message: 'Pressing 'Submit' will begin the submission of your data.' and three buttons: 'Back', 'Submit', and 'Close'.

6. Check your User ID and Company Details are correct, then click Submit.

The software now prepares and then submits the information to HMRC. This may take some time depending on how busy the Government Gateway is and the speed of your Internet connection. While it does this the Submitting window appears indicating the progress made. During this time you cannot use Sage 50 Accounts.

When the information has been successfully submitted to the Government Gateway, the e-Submissions Finished window appears. To view details of the submission, use the Click here link.

7. Check the results of the submission in the Review Results window of the CIS Subcontractor Verification wizard.

A tax rate is applied to each verified subcontractor. Any subcontractor that has not been recognised by HMRC is highlighted in the list. If you are sure the subcontractor's details are correct or you want to complete the process, click Verify Unrecognised Subcontractors. The information is submitted again to HMRC; this time the higher rate of tax is applied to the subcontractor.

8. To complete the verification, click Finish.

The wizard closes and the software updates the subcontractor records with details of the verification.

If the submission has not been successful, the Finished window displays a submission failure message. To view details of the failure use the Click here link. The Submissions Log window appears. Before attempting to submit to the Government Gateway again, you must correct the data problems identified in the log.

Recording work done and materials used

To record work completed and any materials used by your subcontractors, use Batch Subcontractor Invoicing. See *To record an invoice received from a subcontractor* on page 19.

Before you can do this any subcontractor you want to pay must be verified with HMRC. This results in the subcontractor having a status of Verified with HMRC or Not required set on their record.

You can enter several invoices for different subcontractors at the same time. This is referred to as batch invoicing and speeds up invoice entry. Where your subcontractor has invoiced you for labour and materials, keep these items separate by entering each into its own row in the invoice window. This ensures that tax is dealt with correctly.

When you have been charged for materials, the VAT the subcontractor has paid is dealt with differently depending on whether they are VAT registered or not.

- VAT registered: Don't include the VAT they have paid for any materials they are charging you.
- Not VAT registered: Include the VAT they have paid for any materials they are charging you.

If your subcontractor has agreed to pay the CITB levy you need to calculate and deduct the levy manually.

The software works out the tax payable per item line based on the net amount entered. It does this using a combination of the subcontractor's tax rate and the nominal code you apply to the item.

Tax is not payable for nominal codes associated with materials and other non-taxable items. This ensures the correct values are used to generate your HMRC monthly return.

Tip: If you record invoices for subcontractors that are basically the same each week or month, click Memorise to save the information so you can use it again and again. When you are ready to use it, click Recall. Subcontractor memorised invoices are quite separate to supplier memorised invoices. You cannot recall a supplier memorised invoice and use it for your subcontractors.

To record an invoice received from a subcontractor

1. Select Suppliers > Subcontractors List > Batch Invoice.

The Batch Subcontractor Invoice window appears.

2. Enter each invoice item one-line at a time, applying a taxable or non-taxable CIS nominal account to calculate the correct amount of deductible tax.
3. If you calculated the batch totals manually before you started entering them into your software, check your batch totals against those shown on the Batch Subcontractors Invoice window.
4. To accept your entries, click Save. If you want to clear the data and start again, click Discard.

Tip: If you click Discard, this does not affect the batch details you have already saved.

5. To exit the window and return to the Subcontractors list, click Close.

Note: Printed documents are not produced.

You can send the data from this window to Microsoft® Excel. To do this, with this specific Accounts data window selected, click To Excel (Alt+X).

Paying subcontractors

To pay your subcontractors for materials used and work that has been completed, use Supplier Payments. From the software menu, choose Bank > Supplier Payment.

[illegible]

The software checks what invoices are outstanding for the subcontractor you want to pay. It also checks whether there are outstanding credit notes to be allocated to invoices. Credit notes and invoices must be allocated on a like for like basis to ensure any tax deductions are dealt with correctly.

For example, a credit note that includes tax deductions should be allocated to an invoice that includes tax deductions. If the software finds a mixture of CIS and non-CIS invoices and credit notes, you can choose which type you want to deal with. Otherwise the software displays invoices ready for you to work with.

Payments are recorded on an individual basis for each subcontractor. You can print cheques for your subcontractors. If you want a printed list of paid invoices, a remittance is available with each printed cheque.

Subcontractor invoices must be paid in full; part payments cannot be made.

If the subcontractor records are set up for online payments you can send payments to them electronically, using e-Banking. For full details see the software's Help system.

How do I deal with late payments?

If the payment belongs to a period that has been included in a monthly return that has been submitted to HM Revenue & Customs (HMRC), you must inform them.

When you record the payment, enter a payment date that belongs to the closed period. This means the payment won't appear on your next monthly return.

If the payment was subject to tax deductions, you need to move the tax liability into the nominal account that deals with the liability when a payment is made to HMRC. To do this, create a journal to move the tax liability from CIS Tax Control to CIS Tax Liability.

When you are ready to send the tax deductions to HMRC, use Bank Payments (Bank > Payment). As you record the payment, select the CIS Tax Liability nominal account to reduce the tax liability.

Sending statements to subcontractors

Where tax is deducted from payments, you must provide a monthly statement to subcontractors. It is also good practice to provide a statement to subcontractors that have been paid gross.

The statement is generated as a report. Once you have generated the report you can:

- Print the statement and hand it to your subcontractor, or
- Email the statement to them, provided they have agreed to this.

The subcontractor's record includes an Agreement to send monthly statements by email check box. This check box must be selected if you want to use this method.

If the subcontractor's payment is made to a third party, the statement is emailed to the subcontractor, not the third party. This follows the CIS rules set by HMRC. The following is an example of a subcontractors statement:

<u>SubContractor Monthly Statement</u>	
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> MONTHLY RETURNS </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> Contractor's Employer's Reference Number: 123/R023 </div> <div style="border: 1px solid black; padding: 5px;"> Construction Industry Scheme Statement of payment and deduction for month ending: 05/05/2010 Subcontractor <div style="display: flex; justify-content: space-between;"> <div> Name: Unique Tax Payer Reference NINO: CRN: Higher Rate Verification Number: </div> <div style="text-align: right;"> 2234567890 YW000003A V5678912345 </div> </div> </div>	

If you need to issue a duplicate, you must mark the document clearly to indicate that it is a duplicate statement.

To send a statement to subcontractors

1. Choose Suppliers > Subcontractors List > Statements.

The Layouts window appears.

2. Select the statement you want to generate from the list.
3. To generate a printed copy of the statement, select Print.
4. To send the report by email, select Email from the Report Browser toolbar.

The statement is generated by Report Designer, which is software supplied with Sage 50 Accounts.

Dealing with HMRC

In addition to verifying your subcontractors with HMRC, you need to send them a monthly CIS return and the subcontractor tax deductions you have made. The following explains these activities.

Generating your CIS monthly return (CIS 300)

Before you generate the return you must ensure you have processed all your subcontractor payments for the month.

What types of returns can Sage 50 Accounts CIS generate?

The software supports two types of returns:

- A monthly return that includes the tax deductions you have made.
- A nil return.

You can also generate an Inactivity Declaration and send the information to HMRC at the same time you send a return. The Inactivity Declaration is attached to the return you choose to send.

What information is used to generate the return?

When you generate your monthly return the software brings together all the information you need. This includes:

- The subcontractors who have completed paid work for you in the month.
- The amount they have charged for labour and/or materials.
- Their unique reference numbers and national insurance numbers.
- Their verification number, but only if they pay the higher rate of tax.
- The amount of tax, if any, which has been deducted from their payments.

How do I check the return?

If you are unsure of the totals shown in the return for a particular subcontractor, double-click the values to view the invoices that make up the amount.

Submit Monthly Return

View subcontractor payments for the month ending: 05/05/2012

Return summary

Total payments: 0.00

Cost of materials: 0.00

Tax deducted: 0.00

☐ I will be inactive in the scheme for the following 6 months (from 06/05/2007 until 05/11/2007).

Breakdown by subcontractor:

Ref.	Name	UTR	Verification Number	Total Payments	Cost of Materials	Tax Deducted

By submitting this monthly return, you are confirming that the employment status of each individual included on this return has been considered and payments have not been made under contracts of employment.

Print...

Other Submission Method...

Submit Online

Close

Note: The return cannot include negative figures, nor can it be amended once it has been submitted to HMRC. HMRC provide details on what you should do if you find a mistake in a monthly return you have already submitted to them. Full details are available on their website.

What happens to the payments once they have been included in the return?

The software marks the payments as reconciled. This stops the payments being used in a future return.

You can then send the return to HMRC using e-Submissions. For e-Submissions to work your PC must be connected to the Internet as the software needs to connect to the information held by HMRC. You also need to have registered on the Government Gateway and entered your User ID and Activation PIN in the software's e-Submissions settings. For further information about this please see *Setting up a connection to HM revenue & customs (HMRC)* on page 8.

Note: e-Submissions sends certain information, for example about subcontractors, across the Internet and then checks it against data held by HMRC

If you don't want to use e-Submissions you can transcribe the information onto the paper copy of the monthly return sent to you by HMRC and then return it by post. If you choose to do this, the next time you generate your monthly return the previous month's details are displayed as overdue. At that point you should select the submission method you used to make the return by clicking Other Submission Method. The return details are then archived and marked as reconciled.

To submit your CIS monthly return (CIS 300)

To generate your monthly CIS Return

1. Choose Suppliers > Subcontractors List > CIS Return.
2. The Monthly Return window appears.

Note: If you did not use e-Submissions to submit your last monthly return, the previous month's details are displayed as overdue. Click Other Submission Method and select the method you did use. The previous return details are archived and marked as reconciled. The Monthly Return window closes, so you need to reopen it, starting again from step 1.

3. Set the Tax Month Ending date.
4. Check the list of subcontractors displayed and the deductions made. To view the invoices that make up the total for a subcontractor, double-click the subcontractor's details. The Monthly Return Breakdown window appears.

To send your monthly CIS Return using e-Submissions

1. Once you have generated your monthly CIS Return, click Submit Online. The Submissions Declaration message appears. To proceed click OK. The e-Submissions wizard Important Notice window appears.
2. To confirm you want to proceed, click Continue. The Check your Details window appears.
3. Check your User ID and Company Details are correct and then click Submit.

The software prepares and then submits the information to HMRC. This may take some time depending on how busy the Government Gateway is and the speed of your Internet connection. While it does this the Submitting window appears, indicating the progress made. During this time you cannot use Sage 50 Accounts. When the information has been successfully submitted to the Government Gateway, the e-Submissions Finished window appears. To view details of the submission, use the Click here link.

4. To complete the submission, click Finish.

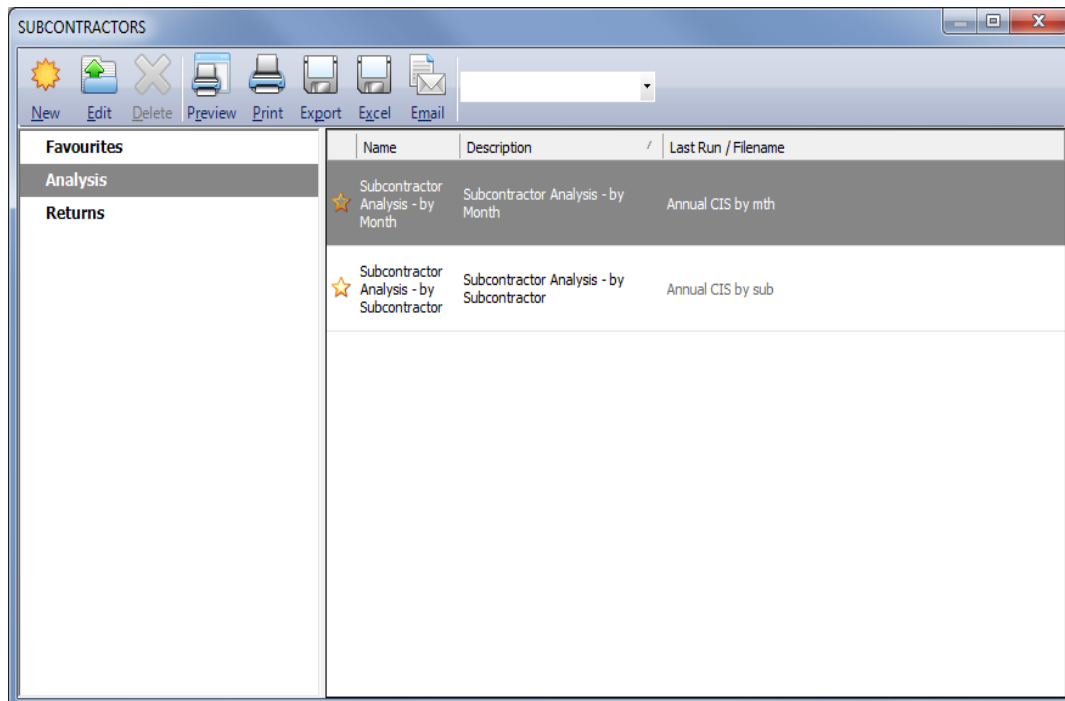
The wizard closes and a copy of the return is archived for future reference. If the submission has not been successful, the Finished window displays a submission failure message. To view details of the failure use the Click here link. The Submissions Log window appears. Before attempting to submit to the Government Gateway again, you must correct the data problems identified in the log.

Reporting

You can generate the monthly return as a report. When you generate the report you must set the report date for the fifth of the month.

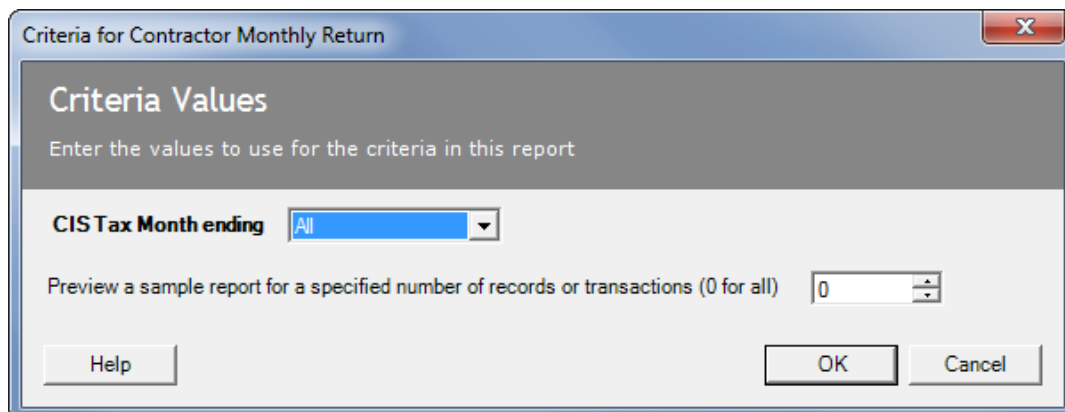
1. Choose Suppliers > Subcontractors Lists > Reports.

The Subcontractors Report Browser window appears.



2. Select the Returns folder, select the Contractor Monthly Return Report from the list, then click Preview.

The criteria values window appears.



3. From the CIS Tax Month ending drop-down, select Is.
4. Set the date for the report; it must be the fifth day of the month. For example, 05/06/2012.
5. Click OK, and the report is generated in Report Designer.

Sending deductions to HM Revenue & Customs

We recommend you use the software's Bank Payment feature to send tax deductions to HMRC. From the software menu choose Bank > Bank Payments.

With this method you can generate a printed cheque to send to HMRC. Alternatively, you may prefer to send the payment electronically using e-Banking. For full details see the software's Help system.

If you have made a late payment to a subcontractor, you can't use this method. For information on how to deal with late payments, please refer to *Paying subcontractors on page 20*.

Correcting mistakes

HM Revenue & Customs provide details on what you should do when mistakes are found in a monthly return you have sent to them. Full details are available on their [website](#).

CIS frequently asked questions

Q. HMRC have changed the tax rates - how do I change them in Sage 50 Accounts?

- A. The tax rates are stored in Settings > Company Preferences.

Choose Settings > Company Preferences and then click the CIS tab. Enter the new rates in the CIS Tax Rate section

Q. How can I check when I last sent my monthly return to HM Revenue & Customs (HMRC)?

- A. The software stores a copy of each return you have submitted to HMRC, together with a confirmation of receipt attached.

To view submitted returns, choose Suppliers > Subcontractors List > Archives. The Monthly Return Archive window appears. You can then select the latest return from list displayed to check its date.

Q. How can I check whether a transaction has been included in a monthly return?

- A. Choose Company > Financials. The Financials window includes a CIS column that provides the information you are looking for.

If the letter 'r' is displayed in the column, then the transaction has been reconciled and included in the monthly return.

Q. Why can't I create a subcontractor record, when invoicing?

- A. A subcontractor must be verified with HMRC before you can record an invoice for work they have completed.

Until then the software cannot apply the correct tax rate to calculate their payments.

Q. Why can't I invoice a subcontractor?

- A. Before you can do this any subcontractor you want to pay must be verified with HMRC.

This can mean the subcontractor has a status of Verified with HMRC or Not required set on their record.

This means a tax rate has been applied to the record and payments can be calculated correctly.

Q. How does Sage 50 Accounts deal with tax deductions?

- A. When you record an invoice for work that has been completed by a subcontractor - labour only or other labour, the software posts values to the CIS Labour nominal account, the Creditors nominal account and the VAT nominal account.

When you pay your subcontractors the software automatically generates a credit note. This takes the tax amount for the item line from the Creditors nominal account and moves it to the CIS Tax Control nominal account.

The credit note is allocated to the item line and does not affect either the VAT or the subcontractor's turnover.

Q. How does the software apply nominal codes to the nominal accounts?

- A. It finds the first unused code for the nominal account in its Category Type. As an example, take the CIS Tax Control nominal account. The software checks the Current Liabilities Category Type to find the first unused nominal code in that range.

Q. Are there any Sage 50 Accounts features that are not supported by the CIS module?

- A. The CIS module is designed to work seamlessly with Sage 50 Accounts. However, it does not support the following:
- Write Off, Refunds and Returns for CIS transactions, as they would have a detrimental effect on your monthly return and break CIS rules set by HMRC. Check HMRC's website for information on how to deal with mistakes and corrections.
 - Foreign Trader, as the scheme only covers construction work carried out in the United Kingdom (UK).
 - Retentions. If you have Cover/support you can find details about this using Ask Sage.
 - Irish standard VAT or VAT Cash Accounting. The CIS module only deals with UK VAT schemes.

Q. My subcontractor wants to be paid using a third party, does this affect their payments?

- A. It can affect their payments. The third party supplier associated with the subcontractor's record is also verified with HMRC. This follows the CIS rules set by HMRC.

The tax status of the third party supplier is then used to calculate the subcontractor's payments as follows:

Third party tax status	Subcontractor tax status	Tax rate applied
Gross	Gross	Gross
Higher	Gross	Higher
Standard	Gross	Standard
Any	Higher	Higher
Any	Standard	Standard

Q. When are deductions due to be paid to HMRC?

- A. Tax deductions in any period must reach HMRC within 14 days following the end of the tax month, or 17 days where payment is made electronically, or the next earlier banking day, where this is a weekend or holiday.

Q. When are monthly returns due?

- A. You must send the monthly return to reach HMRC no later than 14 days after the end of the tax month to which it relates.

The tax month runs from 6 - 5. For example, 6 April to 5 May. Therefore, the return must reach HMRC by 19 May.

Q. I haven't paid any subcontractors, do I still need to send a monthly return to HMRC?

- A. If you haven't paid any subcontractors during the tax month you must still make a Nil Declaration.

If you do not plan to pay subcontractors for an extended period, you can apply to HMRC to stop sending returns for up to six months.

Q. Do I need to verify every subcontractor?

- A. No, there are exceptions.

If you have received a CIS 333 or CD from HMRC, the subcontractors you have employed to date are listed in the information. Verification is not required for those listed by HMRC, but you must verify any subcontractor you intend to use that is not listed.

In addition, you do not need to verify a subcontractor if you have included them in a return in the current or previous two tax years and have seen either one of the following:

- Registration Card CIS4(P).
- Temporary Registration Card CIS4(T) - with an expiry date of 04/2007 or later.
- Tax Certificate CIS6 or CIS5 - with an expiry date of 04/2007 or later.

Q. How often do I need to verify a subcontractor?

- A. When you have verified a subcontractor or paid them in a situation where you did not need to verify them, you can continue to pay that subcontractor without further verification.

That is provided the previous payment to the subcontractor was made in the current or two previous tax years. Otherwise, you need to verify them again.

However, should the subcontractor notify you of a change to their business type, for example from a sole trader to a partner in a partnership, then the subcontractor's latest details must be verified with HMRC. If this does occur, we recommend you create a new record for the subcontractor and then verify their new details.

Q. I have overpaid my subcontractor, what should I do?

- A. You can record a credit for the subcontractor to reduce the money you owe them. This is basically a negative invoice.

To do this, choose Suppliers > Subcontractors List > Credit.

Before doing so, please check HMRC's website for details about correcting mistakes.

Q. Can I consolidate companies? (Accounts Professional only)

- A. Yes, you can consolidate CIS companies with non-CIS companies.

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