

The UK Contractor's Cheat Sheet 2026/27

CIS, overtime, tax dates, mileage, VAT and late payment for UK day-rate contractors and tradespeople.

General guidance, not tax advice. Checked on GOV.UK on 19 October 2026. Rules change, so check GOV.UK or ask an accountant about your own situation.

1. CIS: the three rates

20% You're **registered** for CIS and the contractor can verify you.

30% You're **not registered**, or the contractor can't verify you.

0% You have **gross payment status**. You're paid in full and pay your own tax later.

CIS comes off labour, not materials. The contractor takes the deduction from your labour only. VAT, materials you paid for, plant hired for the job and consumables are left out. Keep your receipts, because the contractor can ask for them.

Worked example (registered, 20%)

Labour £1,000 + materials £300 = invoice £1,300

CIS: 20% of £1,000 labour = **£200**

You're paid £1,300 – £200 = **£1,100**

The £200 counts towards your tax bill. You claim it on your Self Assessment return.

2. Overtime on a day rate

Hourly rate = **day rate ÷ 8 hours**. Then multiply for overtime. Example: **£165 a day**.

Rate	Sum	Per hour
Normal	$£165 \div 8$	£20.63
Time and a quarter ($\times 1.25$)	$£20.625 \times 1.25$	£25.78
Time and a half ($\times 1.5$)	$£20.625 \times 1.5$	£30.94

A week at £165 a day

5 days $\times$ £165 = £825.00

2 hours overtime at $\times 1.25$ = £51.56

Saturday, 4 hours at $\times 1.25$ = £103.13

Total £979.69 (before any CIS or VAT)

There's no legal overtime rate. $\times 1.25$ and $\times 1.5$ are common, so check what your contract or agency says.

3. Tax year and Self Assessment dates

The UK tax year runs from **6 April to 5 April**. This one is 6 April 2026 to 5 April 2027.

5 October	Tell HMRC (register for Self Assessment) if you're new or didn't need to file last year.
31 October	Paper tax return deadline (31 October 2026 for 2025/26).
31 January	Online tax return deadline and pay what you owe, plus your first payment on account (31 January 2027 for 2025/26).
31 July	Second payment on account, if you make them.

4. Mileage (simplified expenses)

55p	a mile for the first 10,000 business miles in a car or van (2026/27 tax year; it was 45p before 6 April 2026).
25p	a mile after 10,000 miles.

Motorbikes are 24p a mile. You can't also claim fuel, insurance or repairs for that vehicle.

5. VAT threshold

You must register for VAT if your taxable turnover for the last 12 months goes over **£90,000**, or you expect it to in the next 30 days. You can register earlier if you want to.

6. Late payment (business clients)

If a business pays you late you can charge **8% a year plus the Bank of England base rate**. The base rate is 3.75% (since 18 December 2025), so that's **11.75% a year**. This doesn't apply if your contract sets a different rate.

You can also add a one-off fixed sum for each late invoice:

Amount owed	You can add
Up to £999.99	£40
£1,000 to £9,999.99	£70
£10,000 or more	£100

Example: £1,000 paid 30 days late. Interest: $£1,000 \times 11.75\% \div 365 \times 30 = \text{£}9.66$, plus **£70**.

Send the same invoice every week? BillMyWeek fills in your week, works out overtime, CIS and VAT, and emails the PDF to your client. 14 days free, no card needed: billmyweek.com

Sources: gov.uk/what-you-must-do-as-a-cis-subcontractor · gov.uk/self-assessment-tax-returns/deadlines · gov.uk/simpler-income-tax-simplified-expenses/vehicles · gov.uk/vat-registration/when-to-register · gov.uk/late-commercial-payments-interest-debt-recovery · bankofengland.co.uk Bank Rate (3.75% on 19 Oct 2026). Overtime multipliers are common practice, not law.