

CIS cheat sheet for subcontractors

Construction Industry Scheme: the rules on one page. Checked against GOV.UK on 18 October 2026.

20%

Standard rate

Registered for CIS and the contractor can verify you

30%

Higher rate

Not registered, or the contractor can't verify you

0%

Gross payment status

Paid in full. You pay your own tax and NI

Deductions are advance payments towards your tax and National Insurance bill. They are not an extra tax.

What the deduction is taken from

Start with the invoice total (the gross amount), then take away what you paid for yourself. The contractor applies the rate to what is left.

- VAT: never deducted from
- Materials you paid for **directly** (keep receipts: with no evidence the contractor estimates the cost)
- Consumable stores, plant hired for the job, fuel (except for travelling), manufacturing or prefabricating materials

Worked example: labour £1,000 + materials £300 + VAT £260 = £1,560. Deduction at 20% of the £1,000 labour = £200. You receive £1,360.

Registering and getting verified

- Register for CIS (sole trader, company owner or partner). Without registration the rate is 30%.
- Give every contractor the **exact** UTR and legal or trading name you registered with. They use it to verify you.

Gross payment status: the tests

- You've paid your tax and National Insurance on time
- Your business does construction work (or provides labour for it) in the UK
- Your business is run through a bank account
- Turnover for the last 12 months, ignoring VAT and cost of materials, of at least **£30,000** as a sole trader; £30,000 per partner or £100,000 for the whole partnership; £30,000 per director or £100,000 for the whole company
- HMRC reviews gross status every year. Stay on time with returns and payments to keep it.

The monthly cycle

- A **tax month** runs from the **6th** to the **5th**.
- Your contractor files a **monthly return by the 19th**. You don't file one.
- They must give you a **payment and deduction statement within 14 days** of the tax month end, so by the **19th** (month ending 5 Nov: by 19 Nov).
- Contractors pay the deductions to HMRC by the 22nd (19th if by post).

Check every statement

- Your name and UTR, and the contractor's name and tax reference
- Gross payment matches your invoices
- Materials figure matches your invoices
- Deduction is 20%, 30% or 0% of gross minus materials
- Missing or wrong? Ask the contractor. Lost? Ask for a duplicate. If you can't get one, write to HMRC with your details and the payment dates.

Claiming the deductions back

- **Sole trader or partner:** on your Self Assessment return, record your pay **before** deductions as income and the total deductions as 'CIS deductions'. HMRC takes them off your tax bill and refunds any overpayment. Pay any balance by 31 January.
- **Limited company:** use your payroll: send an EPS with the year-to-date deductions. Don't use your Corporation Tax return.

Records to keep

- Every monthly payment and deduction statement
- Your invoices and materials receipts
- Self-employed: keep records for at least **5 years after the 31 January** deadline of the tax year
- Keep the CIS paperwork with your tax records. HMRC may ask for evidence of your deductions.