



Response to HMRC

Strengthen and simplify the Construction Industry Schen

20th July 2023

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Executive summary

FCSA broadly welcomes the suggested simplifications to the CIS scheme.

These proposals would go some way to bring clarity and further strengthening of the scheme.

However, it is FCSA's view that any proposals should ensure that workers are not unintentionally disadvantaged by any changes in respect of the method of engagement and that steps are taken to ensure simple access to the scheme.

The role of FCSA members is largely limited to providing payroll services for CIS workers and the "upstream" processes do not normally effect that role, therefore our comments on the proposals are limited to the touchpoints which may affect our members.

Appendix - response to the consultation questions

Question 1: What are your views on including VAT in the GPS compliance test?

FCSA believes that VAT should be included.

Question 2: Can you see any unintended consequences if VAT was added to the compliance test: are there barriers to submitting returns/payments in a timely manner, and could the proposal affect compliant or particular sized businesses?

No.

Question 3: What channels of application are preferred, and do you envisage any challenges in shifting to digital?

Digital application should

Question 4: Are there any other changes that could be made to the scheme which would prevent abuse, while also maintaining simplicity for legitimate users?

FCSA has no view on this question.

Question 5: Should any landlord to tenant payment be within the scope of CIS?

FCSA has no view on this question.

Question 6: Do all landlord to tenant payments include an inducement or encouragement element?

FCSA has no view on this question.

Question 7: How do you identify whether a transaction includes an inducement or encouragement element?

FCSA has no view on this question.

Question 8: What are the drivers for delegating building fabric works to tenants rather than landlords arranging it themselves?

FCSA has no view on this question.

Question 9: Which of the solutions suggested is preferable?

FCSA has no view on this question.

Question 10: What are the advantages and disadvantages of these proposed solutions?

FCSA has no view on this question.

Question 11: Is there a risk of creating the potential for manipulation/avoidance of the scheme by the diversion of monies via tenants?

FCSA has no view on this question.

Question 12: Are there groups, other than property groups, that are affected by the excessive volume of returns they are submitting to HMRC?

FCSA has no view on this question.

Question 13: Is a 'grouping arrangement' the best solution to the problem outlined and are there any elements which have not been set out?

FCSA has no view on this question.

Question 14: What responsibility in a 'grouping arrangement' should rest exclusively with the individual companies within the group and what responsibility with the nominated company?

FCSA has no view on this question.

Question 15: Do you see any specific anomalies which may arise in the context of CT and VAT grouping arrangements?

FCSA has no view on this question.

Question 16: Should the reporting of intra-group transactions be excluded on the CIS group return?

FCSA has no view on this question.

Question 17: Will establishing a 'grouping arrangement' impact on third party software providers?

FCSA has no view on this question.

Question 18: Should the process of a 'grouping arrangement' be statutorily prescribed by HMRC, and if so, to what extent?

FCSA has no view on this question.

Question 19: Are there any other issues you think will need to be considered?

None

Question 20: Are there areas of the CIS in terms of its scope and or administration where simplifications or improvements could be made?

FCSA has no view on this question.