

## Welcome

### Welcome to Haslers Focus on...bulletin, looking at news and information relevant to specific business and industry sectors.

This Focus on Property and Construction bulletin takes a

look at how a reduction in VAT could aid the construction industry, as well as why outsourcing your payroll to Haslers can help you avoid the new penalties for late or non-filing of contractors' monthly returns.

If you have any feedback on this issue of Focus on Property and Construction, or would like to know more about our services or how we can help you, please contact **Jon O'Shea** (Partner, Tax Department) on **020 8418 3333** or email **jon.oshea@haslers.com**

## New CIS penalties take effect



### A new penalty regime for late or non-filing of contractors' monthly returns under the Construction Industry Scheme (CIS) has now taken effect.

The first returns the new regime applied to were those for the

month ending 5<sup>th</sup> November 2011, which were due on 19<sup>th</sup> November. The penalties that now apply are:

- a fixed penalty of £100 as soon as a return is late
- a second fixed penalty of £200, two months after the filing date, if the return is still outstanding
- if the return is still outstanding six months after the first penalty was issued, a penalty of £300 or five percent of the amount of deductions shown on the return will be charged, whichever is the greater
- if the return is still outstanding 12 months after the issue of the first penalty, a second penalty of £300 or five percent of deductions shown on the return, whichever is the greater, will be charged
- higher penalties will apply where, as a result of the failure to file the return on time, information has been deliberately withheld

During the capping period

– which starts on the date the contractor tells HM Revenue & Customs that they will first pay, or have first paid, a subcontractor and continues until the date they first file a CIS monthly return – fixed penalties will not exceed a maximum of £3,000.

The penalty of five percent of deductions shown on the returns will also apply in the capping period where the return is more than six or 12 months late. There will be no fixed minimum charge of £300 during the capping period.

In the current economic climate, no business can afford to incur CIS penalties that could easily be avoided. By working with a professional payroll provider, like Haslers, businesses can have peace of mind that their payroll will be dealt with cost-effectively and efficiently and that all their returns and reporting obligations will be met on time. For more information, please contact us.

# VAT cut can kick-start economy, say builders



## A leading construction industry organisation has called for Chancellor George Osborne to introduce a reduced rate of VAT to help create thousands of jobs.

Richard Diment, director-general of the Federation of Master Builders (FMB), was speaking after the FMB released its latest State of Trade Survey of small building companies at the start of October.

The survey, covering the third quarter of 2011, reported that workloads had fallen for the 15th consecutive quarter and that one in three builders expected a further decline in workloads in the final three months of the year.

Mr Diment said: "It is hard to think of another period in living

memory when the building industry has been so badly hit by an economic crisis.

"44 percent of FMB members have reported falling levels of enquiries and the number expecting to increase employment has now fallen to just 16 percent, which is depressing news for young people wanting an apprenticeship or a job in the construction sector.

"The rising cost of materials is also a serious concern to builders with 88 percent expecting them to increase over the next six months."

He said that the government's Green Deal home energy efficiency improvement programme, due to be launched in the autumn of 2012, offered a "glimmer of hope". The initiative will enable families and businesses to finance energy

efficiency improvements – recommended by an accredited adviser and carried out by an accredited installer – through their energy bills.

But he added: "Without a reduced rate of VAT to help boost consumer demand it is difficult to see any real upturn in building work. A targeted reduced rate of VAT would create tens of thousands of much needed jobs in the building industry as well as stimulating more job creation in the wider economy."

Since 2009, when European Union member states were given the power to reduce VAT to five percent on the repair, maintenance and improvement of private dwellings, there has been growing support for such a cut in the UK.

For more advice on any aspect of VAT, please contact us.

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