

CIS
4All

The CIS
Survival Guide
2025/26

Everything UK Subcontractors Need to Know
About CIS, Tax, and Making Tax Digital

A free guide from CIS 4 All
cis4all.com

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What Is CIS?

The Construction Industry Scheme (CIS) is an HMRC scheme that governs how payments to subcontractors in the construction industry are handled. Under CIS, contractors deduct money from subcontractors' payments and pass it directly to HMRC. These deductions count as advance payments towards the subcontractor's tax and National Insurance.

Who does it apply to?

CIS covers all construction trades — not just plumbers. This includes electricians, bricklayers, plasterers, roofers, painters, decorators, carpenters, ground workers, and more. It applies to anyone working as a subcontractor in the construction industry.

How does it work?

Status	Deduction Rate	What It Means
Registered with CIS	20%	You've registered — lower deduction rate
Not registered	30%	Higher rate — register ASAP to reduce this
Gross payment status	0%	You receive full payment (strict criteria apply)

Important: CIS deductions are advance payments of your tax. Most subcontractors pay more through CIS than they actually owe in tax — which means you may be owed a refund.

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CIS Registration

Registering for CIS is one of the most important steps you can take as a subcontractor. It reduces your deduction rate from 30% to 20% — keeping more money in your pocket.

How to register

Online: via your HMRC Government Gateway account at gov.uk/what-you-must-do-as-a-cis-subcontractor

By phone: call the HMRC CIS helpline on 0300 200 3210

What you'll need

- Your Unique Taxpayer Reference (UTR) number
- Your National Insurance (NI) number
- Your business name and trading address
- Details of your construction work

How long does it take?

Registration typically takes 2–3 weeks to process. During this time you may still work, but your contractor will deduct at the higher 30% rate until your registration is confirmed. Once registered, your contractor can verify you and apply the 20% rate.

Why registration matters — a quick comparison:

Without Registration	With Registration
30% deducted from every payment	20% deducted from every payment
On £1,000 payment: £300 deducted	On £1,000 payment: £200 deducted
You receive: £700	You receive: £800
Extra £100 per £1,000 lost until refund	Better cash flow throughout the year

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Your CIS Obligations

If you're a contractor (i.e. you hire subcontractors), CIS places several legal obligations on you. Failing to meet these can result in penalties from HMRC.

1. Verify subcontractors before paying them

Before making your first payment to any subcontractor, you must verify them with HMRC. This tells you what rate to deduct (0%, 20%, or 30%). You can verify online or by phone.

2. Deduct the correct CIS amount

Deduct the amount indicated by HMRC's verification and pay it to HMRC. Deductions apply to labour only — not to materials the subcontractor has purchased.

3. Submit monthly returns to HMRC

You must file a monthly CIS return by the 19th of each month, covering the tax month just ended (6th to 5th). Even if you made no payments, you must file a nil return.

4. Give subcontractors payment and deduction statements

Within 14 days of each payment, you must provide a written statement showing the gross amount, deductions made, and net payment. Subcontractors need these to claim their tax refund.

5. Keep records for a minimum of 6 years

Maintain records of all payments made, CIS deductions, and returns filed. HMRC can ask to see these at any time. Digital records are accepted.

Penalties for late returns

1 day late: £100 | 2 months late: £200 | 6 months late: £300 or 5% of deductions (whichever is higher) | 12 months late: up to £3,000 or 100% of deductions

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Claiming Your Tax Rebate

Most CIS subcontractors are owed a tax refund. Because CIS deductions are taken at a flat rate on your gross income (before expenses), you'll usually have paid more tax than you owe.

How to claim your refund

- File a Self Assessment tax return with HMRC
- Deadline: 31 January following the end of the tax year (5 April)
- Include all CIS deduction statements from your contractors
- Declare all your business income and allowable expenses
- HMRC calculates what you owe vs. what's been deducted — the difference is your refund

Example calculation — Tax Year 2025/26

Item	Amount
Gross income from construction work	£30,000
CIS deducted at 20%	£6,000
Allowable business expenses	£4,000
Taxable profit (£30,000 – £4,000)	£26,000
Less Personal Allowance	–£12,570
Taxable income	£13,430
Income Tax due (20% of £13,430)	£2,686
National Insurance Class 4	£806
Total tax actually owed	£3,492
CIS already paid to HMRC	£6,000

YOUR REBATE: £2,508

In this example, you paid £6,000 in CIS but only owed £3,492 in total tax — meaning HMRC owes you £2,508 back.

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Expenses You Can Claim

Claiming all your allowable expenses is the key to maximising your tax refund. Every pound of expenses reduces your taxable profit — and increases your rebate.

Expense Category	Examples	Notes
Tools & Equipment	Drills, hand tools, PPE	Must be for business use
Fuel & Mileage	Business travel	45p/mile first 10,000 then 25p/mile
Van Costs	Lease, insurance, repairs, road tax	Business proportion only
Materials	Bought separately from contracts	Keep receipts
Workwear & PPE	Safety boots, hard hats, hi-vis	Must be specifically for work
Phone Bills	Business calls, data	Claim business percentage
Insurance	Public liability, professional indemnity	Fully deductible
Training & Certs	CSCS card, Gas Safe, Part P	Must relate to your trade
Accounting Fees	Accountant, bookkeeping software	Fully deductible

HMRC Mileage Rates (Simplified Expenses)

Vehicle Type	First 10,000 miles	After 10,000 miles
Cars & Vans	45p per mile	25p per mile
Motorcycles	24p per mile	24p per mile
Bicycles	20p per mile	20p per mile

TIP: The more expenses you track, the bigger your rebate. Don't leave money on the table — photograph every receipt and log every business mile.

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Making Tax Digital 2026

From 6 April 2026, HMRC is rolling out Making Tax Digital for Income Tax (MTD ITSA). This is the biggest change to self-employment tax reporting in a generation. Instead of filing one annual return, you'll need to report quarterly using digital software.

Who's affected and when?

Date	Income Threshold	Who's Affected
6 April 2026	Over £50,000	Higher-earning self-employed & landlords
6 April 2027	Over £30,000	Most full-time subcontractors
6 April 2028	Over £20,000	Nearly all self-employed workers

What changes?

- 4 quarterly updates to HMRC throughout the year
- A final declaration replacing the current Self Assessment return
- You must use HMRC-compatible digital record-keeping software
- Paper records and spreadsheets will no longer be accepted

Quarterly Deadlines

Period	Covers	Submission Deadline
Quarter 1	6 April – 5 July	7 August
Quarter 2	6 July – 5 October	7 November
Quarter 3	6 October – 5 January	7 February
Quarter 4	6 January – 5 April	7 May
Final Declaration	Full tax year	31 January (following year)

TIP: Start preparing now. Get into the habit of recording income and expenses digitally. By the time MTD becomes mandatory for your income level, you'll already be ahead.

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Keeping Receipts

Good record-keeping is the foundation of a successful tax return — and a bigger refund. HMRC requires you to keep evidence of every business expense you claim.

What HMRC requires

- Records of all business income and expenses
- Receipts, invoices, and bank statements as evidence
- Records kept for a minimum of 5 years after the 31 January submission deadline (we recommend 6 years to be safe)
- Digital or paper records — both are accepted
- Photos of receipts are accepted as valid records

What every receipt should show

Required Information	Example
Supplier / shop name	Screwfix, Toolstation, Travis Perkins
Date of purchase	15 March 2026
Amount paid	£47.99 inc VAT
Description of what was bought	DeWalt 18V combi drill

Common mistakes to avoid

- Throwing away receipts — even small purchases add up
- Not separating personal and business expenses
- Waiting until year-end to organise records (do it weekly)
- Faded thermal receipts — photograph them immediately

TIP: Take a photo of every receipt the moment you get it. Thermal paper fades quickly — a digital copy ensures you'll always have proof.

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Track Everything in One Place

Managing CIS, expenses, and receipts across spreadsheets, shoeboxes, and WhatsApp messages is a recipe for missed refunds. CIS 4 All brings it all together in one simple app — designed specifically for UK construction subcontractors.

Just £4.99/month

Everything you need to stay on top of CIS

- ✓ CIS Invoicing — Create invoices with correct CIS deductions calculated automatically
- ✓ Expense Tracking — Log expenses and snap receipt photos — all stored securely
- ✓ Mileage Calculator — HMRC-approved rates applied automatically to every business journey
- ✓ Tax Statements — Quarterly and annual summaries ready when you need them
- ✓ Rebate Estimator — See your estimated tax refund updated in real time
- ✓ CSV Export — One-click export for your accountant — no more chasing paperwork

Start your free 14-day trial
No card required. Cancel anytime.

cis4all.com

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Useful Contacts & Resources

HMRC

CIS Helpline: 0300 200 3210 (Mon–Fri 8am–6pm)

HMRC Online Portal: gov.uk/government/collections/construction-industry-scheme-cis

Register for CIS: gov.uk/what-you-must-do-as-a-cis-subcontractor

Self Assessment: gov.uk/self-assessment-tax-returns

Making Tax Digital: gov.uk/making-tax-digital

Find a Professional

Find an Accountant (ACCA): accaglobal.com — Find an Accountant

Find an Accountant (ICAEW): icaew.com — Find a Chartered Accountant

CIS 4 All by SimplyReady Ltd

Website: cis4all.com

Email: support@cis4all.com

Key Tax Dates 2025/26

Date	What
6 April 2025	Tax year 2025/26 begins
19th of each month	CIS monthly return deadline
5 April 2026	Tax year 2025/26 ends
6 April 2026	MTD starts (income over £50,000)
31 October 2026	Paper Self Assessment deadline
31 January 2027	Online Self Assessment deadline / Tax payment due

This guide is for informational purposes only and does not constitute tax advice. Tax rules can change — always check gov.uk or consult a qualified accountant for advice specific to your situation.

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