



Your super simple, top-to-toe guide to self-employment on the Construction Industry Scheme

Including how we will help you
maximise your tax rebate



www.tax2u.co.uk

Hello!

I'm Tim, the gaffer here at [tax2u](#), and I used to work on the Construction Industry Scheme (CIS) too. This guide has been written specifically to help you understand what it means to you to be working under HMRC's Construction Industry Scheme and how you can benefit from it.



With [tax2u](#), there's no need for you to keep struggling to meet deadlines, make complicated calculations and keep on top of tax yourself. We're here to help you every step of the way, send you reminders every month, sort out your entire tax return before the deadline and get you that all-important CIS rebate.

No chance of you getting fined, no chance of you paying too much tax.

You don't need to be a maths wizard to avoid fines and maximise your tax rebate. You keep doing the things you do best while we do the rest.

Now, let's get to the good stuff. Here's what's inside your top-to-toe guide to self-employment...

What's inside?

1. How does the tax year work?
2. The tax-free personal allowance
3. How to calculate your National Insurance Contributions
4. Expenses: how do they work?
5. What counts as an allowable expense?
6. Keeping Records is the key: what should you be holding onto?
7. The cost of getting things wrong
8. The best way to work self-employed
9. How to find us

Now let's get down to it. Think you know how the tax year works? Go on, have a quick check.



The tax year's the period for which you need to submit a tax return to HMRC. It doesn't run from January to December or anything so simple as that.

Think of it more like a season.

It runs from April 6th one year to April 5th the next – every single year. And if you worked self-employed on the CIS at any point during those 12 months, you need to have submitted a tax return by 31st January the following year.

Here's an example.

Say you started working self-employed on July 1st 2019.

That start date falls into the 20-2019 tax year, which ran from 6th April 2019 to 5th April 2020.

So you'd need to submit your tax return for 2020-2019 before 31st January 2021. And that's when you can receive your rebate, if you're eligible.

Even if you only worked under the CIS for just one week. One day even! Heck, so long as you registered self-employed, it doesn't matter if you actually worked at all.

As long as you registered for self-assessment with HMRC (i.e. you notified them that you'd started working under the CIS), you need to submit a tax return, whether you earned anything or not. And they'll be on your case if you don't meet the deadline (with potentially hefty fines to boot).

What's the Tax-Free Personal Allowance and do I have to pay tax on everything I earn?

Under the CIS, your tax is deducted from your pay as you work. Think of the deductions as advance payments towards your tax return and you'll feel better about them.

If you're eligible, you make a claim to HMRC for a rebate at the end of the tax year. It's pretty simple really.

And the good news is that HMRC gives you a personal allowance that you can keep 100% of, before you even start thinking about claiming back your rebate.

See, they'll only retain your tax on the money you earn above that threshold.

Right now, the threshold at which you'll start paying 20% tax on your earnings is £12,500.

Unless you're earning more than £50k that is – in which case you'll pay 40%.

Thing is, you can also take your “allowable expenses” into account to help you legitimately calculate your rebate after the end of the tax year. (More on those expenses in a minute...)

So if you minus your expenses from your year's total income first, then take away the £12,500 too, the **leftover amount is what you'll be paying tax on.**





Tell me more about those expenses...

Legitimate “tax-deductible” business expenses are there to help you to accurately work out how much you can claim back at the end of the tax year.

If you’re earning more than the £12,500 tax threshold, then you can use your expenses to offset the amount of tax you’ve paid through the CIS and maximise the rebate you’re due.

The more legitimate expenses you can claim, the higher your rebate will be. And by keeping hold of receipts and records of all your expenses, you’ll be able to correctly calculate the amount your eligible for.

So long as each expense is necessary and solely for your business, you can use it to increase your rebate.

Makes sense too, since it came out of your company profits in the first place.

It’s worth creating a detailed spreadsheet of all your expenses so you’ve got them in one place, to make doing the maths as easy as possible. That way, your expenses will be easy to process, especially if they’re only used by the business.

That being said, you’ll probably have a few expenses that constitute a “benefit in kind”. Say you use a company vehicle as your personal vehicle too, you’ll need to work out how much use it gets for work and calculate the expense amount you claim based on that (but we can help you with all that).



What can I claim as an expense?

As you'd expect, personal items like dry-cleaning and groceries don't count as tax-deductible expenses.

Generally speaking, the most common business expenses for CIS workers are things like:



PPE & Tools

Tangible items like protective clothing, safety helmets, uniforms or reflective vests, tools and safety equipment, plus cleaning products and parts for repairs.



Materials

The things you buy to sell on, or raw materials that you buy to use for your job, plus the production costs that go into the goods you sell.



Subscriptions

Things like bank charges, trade association memberships, accountancy fees (including [tax2u!](#)) and builders' liability insurance.



Transport

If you use your car or van for work 75% of the time, you can claim back 75% of leasing payments, fuel, car insurance and road tax.

(You'd probably be better off using the 45p per mile mileage allowance if you already owned the van and started using it to drive for work often though.)



Subsistence

Accommodation and the coffees and lunches that you buy while out working (e.g. at a client's building or when having to work away from home).

At the end of the tax year, you can use any of these tax-deductible expenses to maximise the CIS rebate you're due, as part of your tax return.

And a bigger rebate means more cash and capital, a higher company value and maximum profits for investment or dividends.

A better life for you and your loved ones, in other words.



Don't forget your National Insurance Contributions...

Tax isn't the only thing that HMRC ask you to pay each year, you know. Your National Insurance Contributions (NICs) matter too.

You'll pay them as part of your tax return before the January 31st deadline.

Now, for most people who work self-employed on the CIS, there are two types of NICs you could pay. And the rate you pay is based on your total income each tax year.

- Class 2 NICs will cost you £3.05 per week if your profits are £6,475-£9,501 each year. So that'd mean you'd have all your tax refunded (because you're under the £12,500 tax threshold), and you'd pay around £160 per year in National Insurance.
- Class 4 NICs will cost 9% of your year's profits, so long as you earn profits between £9,501 and £50,000.

Remember, we're talking profits, not income here. And bear in mind that these rates do change, so make sure you're up to date at www.gov.uk/income-tax-rates.

Calculating your NICs might sound complicated but the good news is that you can lump them in with your tax return at the end of the tax year.

And the even better news? We'll do it for you as part of your [tax2u](#) membership. You simply get on with your job and we'll let you know how much to pay HMRC in NICs before the deadline.



“That's one less thing to worry about and more time for the things you love



Bookkeeping: What info do I need to submit my tax return?

It might not be the most rock and roll thing to say, but keeping organised records is a super-smart thing to do when it comes to managing your self-assessment on the CIS.

Doing so will massively help HMRC, us and – most importantly – you.

To get your taxes squeaky tight and make sure you receive the maximum rebate possible, there are several bits and pieces you should keep safe throughout the year. Starting with...

Your CIS number (or your “UTR”)

Without your CIS number/Unique Taxpayer Reference, you won't be able to submit anything (which would mean no rebate!). It's a -10digit number that HMRC assign you when you register self-employed on the CIS, and it identifies you as a taxpayer.

If you've lost yours and you need help getting hold of it, feel free to get in touch with your Account Manager or go through the free UTR application form at tax2u.co.uk.

The invoices you issue and your bank statements

Keep copies of every invoice you issue to any customers to show how much you've been paid. Your bank statements will show that the money actually came into your account too.

Your CIS payslips (and PAYE if you have them)

On the CIS, your client should legally be issuing you a CIS payslip every time they pay you. The document should set out the gross payment, the cost of any materials you've supplied and – importantly – the amount deducted for tax.

And if you worked PAYE as well as self-employed during the same tax year, keep hold of any payslips you received too, plus your P45/P60 forms.

Your expenses

Most invoices you receive for business purposes can be claimed as expenses that help maximise your rebate at the end of the financial year. Hang onto receipts for work purchases too.

Your travel log

If you travelled to more than one location for work in your own car during the tax year, you can claim £0.45 per mile back to maximise your rebate as part of your tax return. So keep a travel log of the miles you do every time you hit the road.

Don't forget to upload your documents in your portal at [tax2u.co.uk!](https://tax2u.co.uk)



What happens if you get something wrong?



As you've probably gathered, there's quite a bit to do to keep on top of your tax return and make sure you get your CIS calculations right and in on time.

But what happens if you don't? What happens if you miss the January 31st deadline? Or if you miss a zero, forget a payment or submit something that doesn't add up?

Aside from missing out on your maximum potential rebate, the penalties are pretty unattractive.

Fail to get your tax return in by January 31st and you'll receive a £100 fine.

But it doesn't end there.

The fee keeps going up £10 a day until you submit it.

We've seen fines get to £1,000's

And the fines for incorrect information? They vary depending on the severity of the mistake.

It's another reason why it's so important for you to exercise good bookkeeping habits. If HMRC needs to check your tax return at any point, and you're unable to show them the records you used to calculate it, you'll probably face another fine for that too.

It's worth getting this stuff right from the get-to, submitting accurately and on time with no stress and no risk of fines.

And that's why it's a great job you joined our family of yearly accounting clients – to grab some peace of mind so you can keep concentrating on the things you do best. (And to get the maximum rebate possible of course.)



Imagine a life where you made money and maximised your tax rebate without worrying about what HMRC had to say about it...

It's all yours. Here's how.

Thanks to your [tax2u](#), you'll receive regular reminders to upload your bookkeeping records.

You'll get a safe, secure online portal to store them in too.

And you'll have your tax return signed, sealed and delivered to HMRC on your behalf – before the 31st January deadline.

But, we can submit it in April so you get your tax back ASAP.

We'll calculate the numbers and make certain every payment is accounted for...

We'll comb through your expenses to make sure you're legitimately maximising your rebate as far as possible...

We'll even get your entire return double checked by a senior accountant – without you having to even imagine the boring conversations you'd be having if you were dealing with them yourself.

(No offence, accountants.)

You'll end the tax year on a stress-free high, knowing your tax return's been submitted accurately and on time, with your expenses claimed legitimately and ethically.

And you'll enjoy the rebate you'll get as a result too. (If you're eligible for one, that is!)

All without having to pick up the phone and spend hours waiting on hold to HMRC.

That's why thousands of self-employed workers rate us Excellent on Trustpilot. You'll see!

★ Trustpilot



"Excellent"



We are CIS & PAYE tax rebate specialists, dedicated to simplifying the processes around being self-employed and tax with a friendly and transparent customer experience.



Meet our team

Our team is your team. When you need a better, faster and smarter solution, you need the best people driving your vision forward.

Get to know your team below.



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**We work together
We grow together**



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Ta-ta for now

Anything else on your mind? Get in touch with us, we are here to help you whenever you need us.

Otherwise, we'll be in touch to make sure you're uploading your invoices, payslips and expenses records.

And don't forget you can access your safe, secure portal by logging in with your email address at www.tax2u.co.uk. Just click on "My Dashboard" in the top right hand corner.

Talk soon!

How you reach to us

WhatsApp

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Phone

0207 118 0097



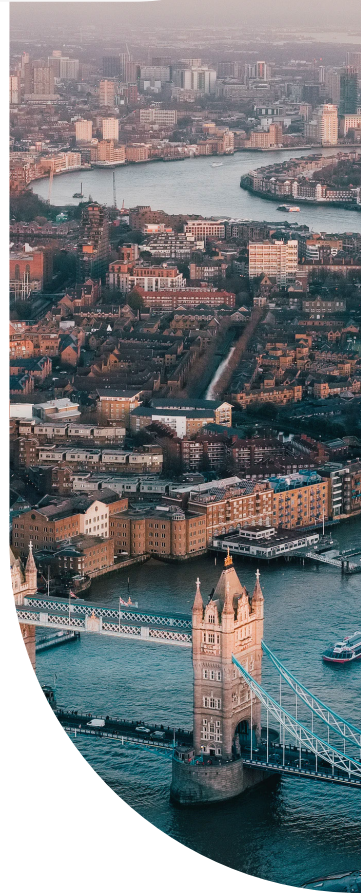
Email

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Send Your Snail Mail

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Simple Straightforward Swift Tax Returns

We aim to make the Tax Return Process as simple for you as possible. As a Yearly Accounting Service customer you can simply communicate with us and securely upload your documents on your **Tax2u** online Account.

We have helped 1,000's of people submit their tax returns and reclaimed over a £1m worth of tax already.



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