



PRESS RELEASE

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TAX SYSTEM TIMEBOMB JUST DAYS AWAY FOR WEST BERKSHIRE BUILDERS?

HUNDREDS of small, local construction firms in West Berkshire could be just days away from finding out if they face crippling fines for ignoring strict new tax system rules.

Under the new Construction Industry Scheme (CIS), which came into force earlier this year, companies have to submit monthly returns detailing how sub-contractors are paid. Failure to comply prompts large fines and today (19 October) is the first cut off point for the tax man to work out who has been following the rules - and who will be fined. In West Berkshire alone, there are around 1,000 building contractors, employing some 6,000 people* - 5% of all local staff.

“This could be a splitting cash headache for local firms,” said Emma Thomas, director of Newbury accountants EJBC. “There is an automatic minimum monthly fine of £100 for failing to submit a return in time and even a £3,000 fine if the tax man decides they have negligently or deliberately submitted incorrect information. What’s worrying is that recently released figures** show that nationally, on average, only 57% of firms have been following the rules correctly. If local contractors follow that trend, it could mean fines of up to £220,000 being dished out in West Berkshire over the next few days.”

“Bigger firms should be fine under this new scheme but 95% of building contractors employ less than 13 people and could find this a nightmare. Under the old system, many found their annual return a challenge, never mind getting something to the Inland Revenue 12 times a year,” Emma added.

Firms not complying should check out the rules as soon as possible so they can put the necessary procedures in place to avoid further fines.

“Nationally, 11% of contractors** have submitted no returns at all since the new scheme started. They could each be facing a fine of at least £600 for not submitting anything to date, and a [potential](#) further £3,000 if they don't submit a monthly return at all in 12 months. West Berkshire builders are now in real danger of becoming part of that statistic!” she added.

ENDS

For further information contact Emma Mason PR on 07762 117433.

*Data Source: dti Construction Statistics Annual Report 2006

** HMRC press release [Ref NAT 63/07](#).