



What are Construction Industry Operations?

This is a subject which is far too complicated to be covered definitively in a one page handy guide. However, our aim is to point you in the right direction of where to find the answers which are relevant to you and to highlight some of the basic principles of what defines a Construction Operation.

So, firstly, why does it matter what a Construction Operation is? Put simply, if the Contract (verbal or written) between the Contractor and Sub-Contractor doesn't "relate to construction operations" then the payments are outside of the scope of CIS anyway.

Unfortunately, it is not as easy as looking at the type of work that a Sub-Contractor does. It is the scope of the contract that is relevant and by that we mean the contract as a whole not just the part you are working on. It may be a Mixed Contract where part of the work is within the scheme and part outside, and in that case, all payments for work under the contract will be subject to CIS deductions.

In some cases, Contracts "relate to construction operations" because they contribute to the overall delivery of a construction project. Eg A Tree Surgeon who has a contract to fell trees would normally be outside of the CIS scheme, but if the tree felling is to clear a site for house building etc it will come within the scope of CIS deductions.

Most construction operations are carried out on buildings and structures, or could be works forming part of the land. The operations fall into six main areas of work; Construction, alteration, repair, extension, demolition and dismantling.

Installation of systems such as air conditioning, lifts etc, is included as a construction operation, but the manufacture, delivery, repair or maintenance of those systems isn't included.

As you can see, it's a minefield! We could go on, and on about all the different scenarios, most of which wouldn't be relevant to you.

Our recommendation is that you obtain booklet CIS340 – CIS Guide for Contractors and Sub-Contractors and have a read through Appendix A – C, or have a look at the HMRC website www.hmrc.gov.uk

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