



CONSTRUCTION INDUSTRY SOLUTIONS
FROM PEGASUS

Pegasus CIS 5 Subcontractors

The Subcontractors module can be used as an integral part of the cost-capturing functionality of the full Pegasus CIS solution. It can also be used as a standalone solution by contractors who only need to control their subcontractors more efficiently and ensure that they adhere to HMRC rules for the Construction Industry Scheme.

Comprehensive subcontractor control

The Subcontractors Ledger combines the functionality of a Purchase Ledger with the regulatory requirements of HMRC Construction Industry Scheme. Pegasus CIS stores full information on the CIS-approved subcontractors, including details of their Unique Taxpayer Reference, National Insurance or Company Registration Numbers, Verification Status, and default Labour Rates to be used for Timesheet Only subcontractors.

Subcontractor Orders can be raised against jobs, detailing information such as order value and start and completion dates. It is possible to enter details of the work that is to be carried out and to assign costs to these individual elements. The subcontractor order can be printed or e-mailed to the subcontractor. It is then possible to add variations to the original Subcontract Order to allow for accurate control of the costs being incurred.

Subcontractor Orders hold defaults on discounts and retention percentages to be applied, VAT code, and the Construction Industry Training Board Levy and Insurance that are to be deducted. These defaults are used in automatic processing of subcontractor payments, making this a much less time-consuming process. Subcontractor orders post committed costs to the Contract Costing system.

HMRC Construction Industry Scheme

When engaging new subcontractors it is necessary to verify their tax status with HMRC to ascertain whether they are to be paid gross or net of tax, and if net whether this is at the standard rate or higher rate. With Pegasus CIS you can verify these subcontractors online with a simple click: Pegasus CIS will connect to the HMRC website and retrieve a subcontractor's tax status and verification code quickly and easily. If you don't intend to use the online service, this information can also be entered directly into the system.

At the end of each month, a CIS300 Monthly Return must be filed with HMRC. This can be via the HMRC CIS online service, or via the online submission routines within Pegasus CIS. The system keeps track of all payments made to subcontractors, the material element of those payments and the tax deducted. This information is used to generate the CIS300 Monthly Return. If you opt to use the online submission, the system electronically sends the return directly to the HMRC website, which in turn sends confirmation of its receipt. Using Pegasus CIS means that you should never be late with your CIS300 Monthly Return and should therefore never incur the fines and penalties levied by HMRC.

Subcontractor (A18001 - ALEXANDER INNESS BUILDERS)

Subcontractor Name: A18001 ALEXANDER INNESS BUILDERS

General Settings Advanced Notes

Trade/As: Scheme: CIS - UK Construction Industry Scheme Business Type: C - Company Genus: GENERAL - General Subcontractors

UTR/Tax Ref: 111111112 NI Number: Company Reg No: 2793338

Address: CHARVEL ST, BANFORD ROAD, CHESTER, CH1 2NE

Contact: Tom Hanson Phone: 01217 877888 Mobile: Fax: Email: Tom.Hanson@InnessBuilders.co.uk

VAT Reg No: 78314863 Payment Terms: [dropdown]

Subcontractor Orders

Job No.	Cost Item	Job Heading Description	V.	Our Ref.	Their Reference	Contract Value	Retention	Order Total	Discount	Retention	Estimated Date
0971	200	Sub-Contract Builders Work	S	AA-10011	Quote - AA090019	8,750.00	0.00	8,750.00	5.00%	55.00%	01/08/2021
0972	200	Sub-Contract Controls	1	AA-10012	Quote - AA090020	300.00	0.00	300.00	0.00%	0.00%	
0973	200	Sub-Contract Controls	1	AA-10013	Quote - AA090020	1,500.00	0.00	1,500.00	0.00%	0.00%	23/02/2011
0987	200	Sub-Contract Flue	1	AA-10019	Quote - AA090088	2,750.00	0.00	2,750.00	5.00%	0.00%	01/11/2021
0992	200	Sub-Contract Flue	1	AA-09917	Quote - AA073029	5,870.00	0.00	5,870.00	0.00%	3.80%	01/10/2020
0996	200	Sub-Contract Controls	1	AA-10016	Quote - AA093113	4,950.00	0.00	4,950.00	0.00%	0.00%	01/09/2021
						28,740.00	0.00	28,740.00			

Applications, invoices and timesheets

Applications from subcontractors are processed in a register, so that incomplete applications can be included in management reports. Each application records current and cumulative values of net, gross, pre-VAT Contra, discounts and retentions, together with details of tax that is being retained against "Net" paid subcontractors. Labour and material content is recorded separately, conforming to HMRC regulations.

When applications are certified and updated, a cost entry is raised against the job and the cumulative value is updated on the subcontractor's order.

A separate posting routine is provided for subcontractor invoices and timesheets. If the subcontractor issues timesheets for work carried out, these can be entered; the system holds details of labour rates for the subcontractor/job and applies these at the entry stage. This allows for rapid entry of timesheets, especially if these are split over a number of jobs.

Domestic Reverse Charge VAT

Reverse Charge VAT applies to individuals or businesses registered for VAT in the UK where providing or receiving specified services is reported under the HMRC Construction Industry Scheme.

Under these rules the provision of standard or reduced-rate building services will not be invoiced in the normal way. The main contractor would account for the VAT on the services of any subcontractor and will have to pay the VAT due to HMRC instead of paying it to the subcontractor. If the service is zero-rated, Reverse Charge VAT will not apply. Pegasus CIS is fully compliant with these rules.

Payments

Approved applications, timesheets and invoices can be selected for payment by due date from the Pending Payments file. Payments selected for processing are posted to a Payments batch that automatically updates the Tax and VAT liabilities in the Nominal Ledger. Subcontractor payments can be made by cheque or BACS. Payment Certificates are produced to be sent to the subcontractor with the payment. These detail all of the elements that built up the payment together with all of the deductions that have been applied. Payment Certificates are a requirement for any subcontractor that has had tax deducted by the contractor. It is also possible to produce a statement of these payments at the end of the tax period, if required. Pegasus CIS complies fully with the Construction Industry Scheme, helping you to produce the CIS300 Monthly Return on time, every time.

The system caters for:

- Full HMRC CIS compliance
- Applications, invoices and timesheets
- Subcontractor orders/committed costs
- CITB Levy/public liability insurance
- Pre-VAT Contra n Subcontractor loan repayments
- Subcontractor payment/part payment with SMS notification
- Payment certificate/statement printing and e-mailing n Payment "On Hold"
- Authenticated VAT receipts
- Self-billing
- Retention release
- Internal subcontractors
- Subcontractor bureaux processing fees
- Subcontractor aged analysis
- Document attachment
- SEPA compliant

The screenshot displays the 'Subcontractor [A1B001 - ALEXANDER INNESS BUILDERS]' form. The form is divided into several sections: General, Trading, Address, Contact, UTR/Tax Ref, VAT Reg No, Tax & Verification, Bank, Insurance & Accreditation, and Analysis. The 'General' section includes fields for Subcontractor Name (ALEXANDER INNESS BUILDERS), Suspended status, and On Hold status. The 'Trading' section shows the Scheme (CIS) and Group (GENERAL). The 'Address' section lists the company's location in Chester, Cheshire. The 'Contact' section provides details for Tim Hanson, including phone and mobile numbers. The 'UTR/Tax Ref' section shows the UTR (111111112) and NI Number. The 'VAT Reg No' is 785314965. The 'Tax & Verification' section includes the VAT Reg No and Default VAT Code (1). The 'Bank' section shows the Payment Method (Cheque) and Account Name. The 'Insurance & Accreditation' section lists Public Liability Insurance, Professional Indemnity Insurance, and CHAS Number. The 'Analysis' section shows Analysis Code 1 (A-10) and Analysis Code 2 (B-14).



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