Country Solution UK

IFS Cloud 22R2

Table of Contents

1 Company Set-up

1.1 Overview

It is recommended to create the company using STD-UK template, in order to get some of the default basic data setup.

Example : With regards to Construction Industry Scheme (CIS) functionality, default basic data setups such as Tax Codes, Tax Template Field Control etc. have been provided through STD-UK template.
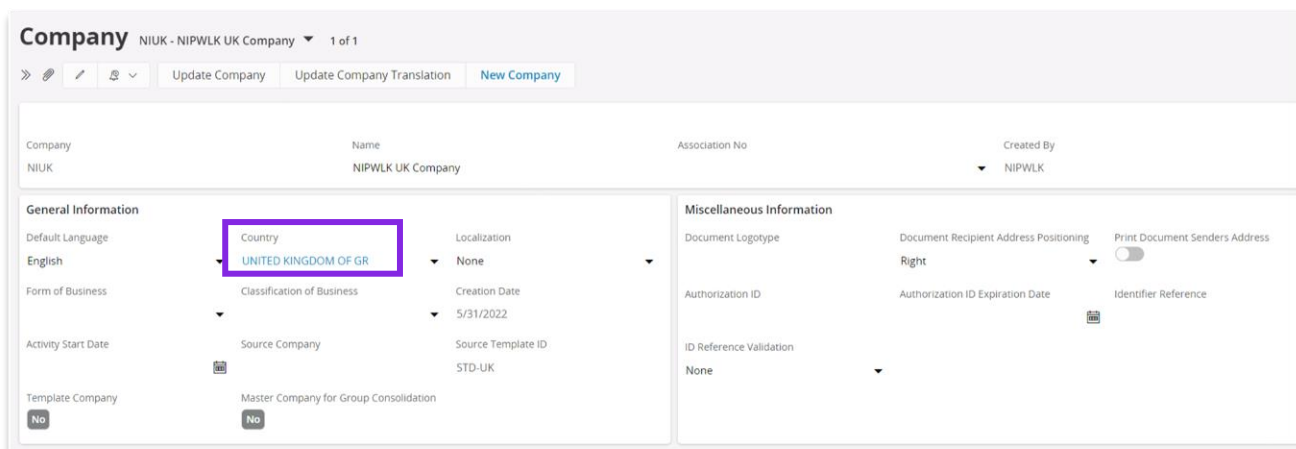
1.2 Define Country and Accounting Currency

This is not a mandatory setup for UK. However, with regards to Construction Industry Scheme (CIS) functionality, in order to utilize default CIS specific income types (which are given for country code GB) for suppliers /subcontractors, below setup it suggested.
Note : You have to define your own Income Types if the Country Code and the Accounting Currency are different to the ones given below.

- Open the page *Company*.
- Search for the company.
- Select **United Kingdom of GR** in the drop-down list in the **Country** field and **Save**.

In company setup, set the accounting currency as GBP.

2 Construction Industry Scheme (CIS) Reporting

2.1 Overview Legal Requirement

This scheme sets out the rules for how payments to subcontractors for construction work must be handled by contractors in United Kingdom (mainly in the construction industry).

Contractors deduct money (withhold) from a subcontractor's payments (based on the supplier status and the type of work) and pass it to the country's tax authority, Her Majesty's Revenue and Customs – HMRC. In order to facilitate this requirement, CIS specific basic data should be recorded against suppliers (subcontractors), supplier verifications should be made, withholding taxes to be deducted from payments based on the verification at time of payment accordingly, and appropriate reports for suppliers and submissions to be made to HMRC in line with HMRC requirements for the Construction Industry Scheme.

This is a legal requirement specific for UK, which a modification in IFS exists for UK from Applications 7 and upgraded until Apps 10 EE and Aurena. This has now been developed in IFS Cloud 22R2 as a generic functionality.

2.2 Solution Overview
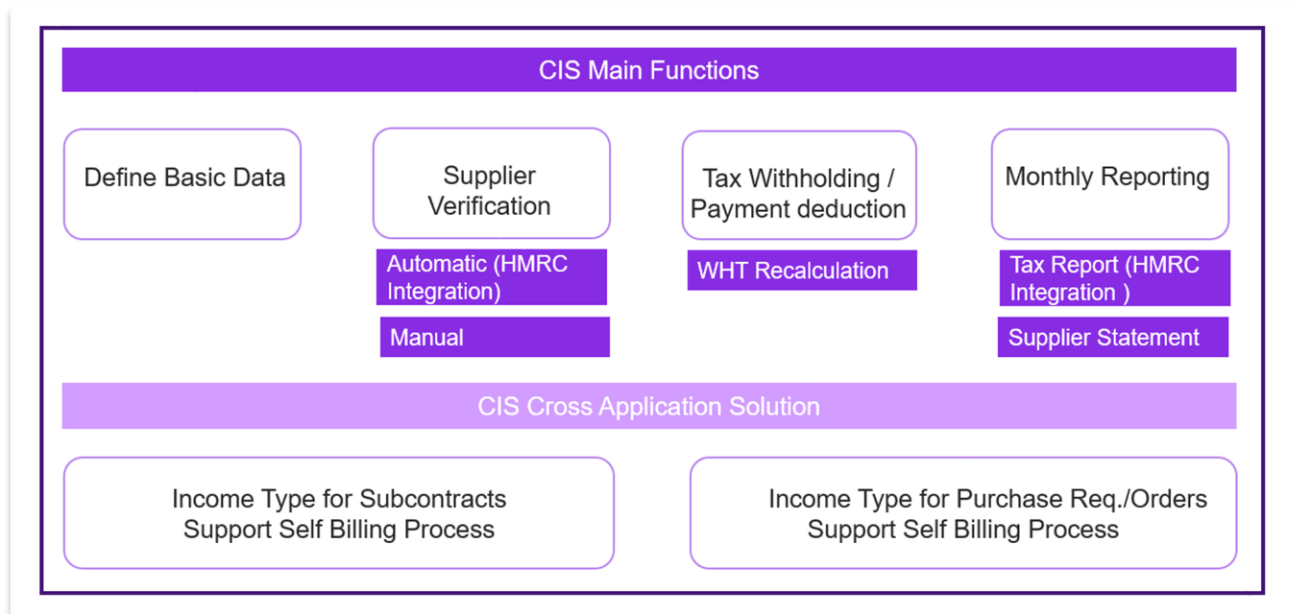
Construction Industry Scheme solution consists of a set of main functions across Financials, and also cross application solutions to support self billing process in Sub Contract management, Sub Contract Valuation, Purchase Requisition and Order flows.

2.2.1   MAIN FUNCTIONS - DEFINE BASIC DATA

Several basic data setups are required to ensure correct fetching of withholding taxes for manual supplier invoices, followed by accurate tax reporting.

CIS specific basic data should be duly defined in *Company*, *Tax Office*, *Income Types*, *Tax Codes* and *Supplier* in Financials, and also in *Revision and Items* in Sub Contract Management and Valuation flows, and also in *Supplier* and *Supplier for Purchase Part* in Purchase Requisition and Order flows.

Refer Chapter 2.4 for detailed information on Basic Data.

2.2.2   MAIN FUNCTIONS - SUPPLIER VERIFICATION

This is the function of obtaining CIS verification details for each supplier. This could be done manually, and also through HMRC integration via *CIS Verification Proposal* (This will be discussed in detail in chapter 2.5)

2.2.3   MAIN FUNCTIONS - TAX WITHHOLDING AND PAYMENT DEDUCTION

Tax withholding will be accurately fetched in *Manual Supplier Invoice/Tax Lines, Withholding* based on correct setup in Supplier basic data. At payment level, withholding tax will be posted, and invoices might be subjected be recalculation process upon having the amount of tax to be withheld for the supplier is changed at payment date, if the verification result has changed (This will be discussed in detail in chapter 2.6)

2.2.4   MAIN FUNCTIONS - MONTHLY REPORTING

Followed by updating GL vouchers and also fetching tax transactions to ledger, CIS monthly reporting is done.

Two types of reports have been supported for Construction Industry Scheme in IFS.

1. CIS Tax Report

The CIS Tax Report file is generated from the *Financials/Tax Ledger/Automatic Tax Proposal* page. New Tax Template S107 (UK CIS Tax Template), New External File Type (CisMonthlyTax) and Template (CisMonthlyTaxReturn) have been defined to create the CIS Tax Report. This will be submitted to tax authority monthly, and the tax template will support automatic integration with HMRC, and XML file format.

Refer Chapter 2.7 for detailed information on functionality.

2. Subcontractor Payment and Deduction Statement

This report is required to send to subcontractors monthly, to detail the invoices paid during each period and the amount of withholding tax that has been deducted.

Refer Chapter 2.7 for detailed information on functionality.

2.2.5   CIS CROSS APPLICATION SOLUTIONS - SUB CONTRACT MANAGEMENT

CIS functionality has been extended for Sub Contract Management and Sub Contract Valuation flows. This is supported in both sub contract payment processes (Self Billing or Pay After Invoice).

Refer Chapter 2.8 for detailed information on functionality.

2.2.6   CIS CROSS APPLICATION SOLUTIONS - PURCHASE REQUISITIONS AND ORDERS

CIS functionality supports Purchase Requisition and Order flows in Self Billing Supplier Invoice creation.

Refer Chapter 2.9 for detailed information on functionality.

2.2.7   PROCESS OVERVIEW

Process in IFS Cloud 22R2 for CIS Reporting is as follows.
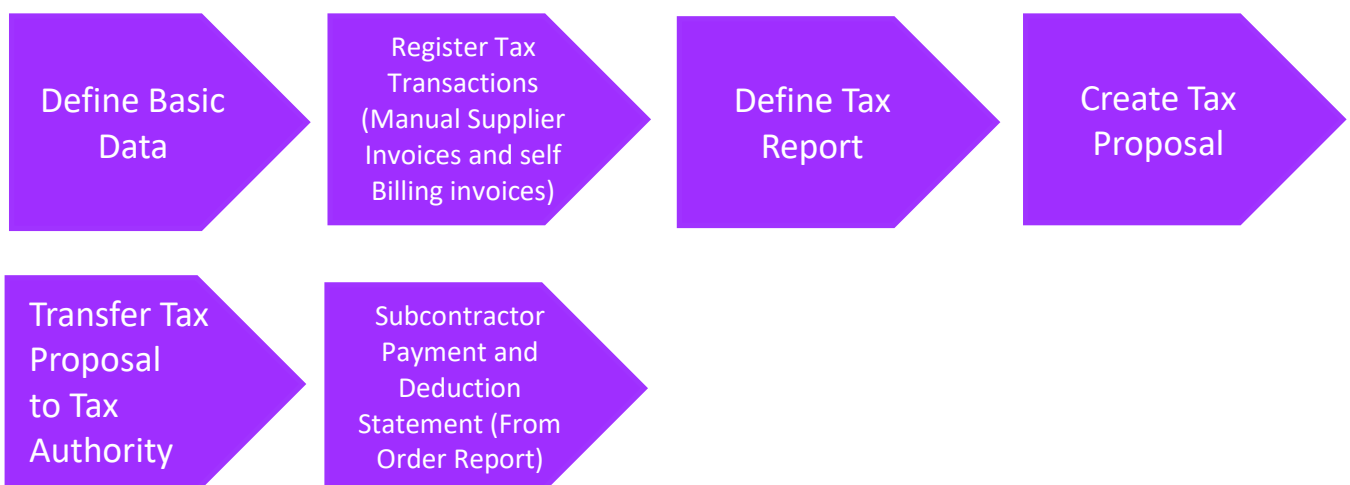
2.3 **Prerequisites**

Post Preliminary Tax Withholding option should be disabled in *Company/Tax Control/Invoice* sub tab (If CIS Tax Reporting functionality is used).

2.4 **Define Basic Data**
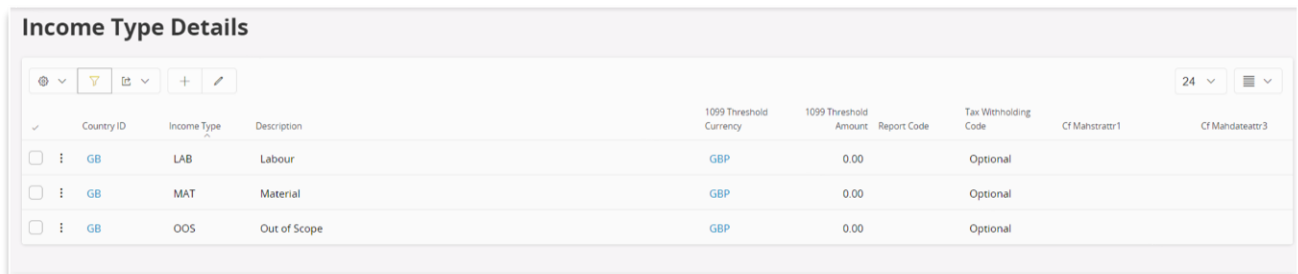
2.4.1   DEFINE INCOME TYPE

Supplier income types that are used in United Kingdom for CIS reporting must be defined in *Enterprise/Tax/ Income Types Details* page. Supplier income types are used to categorize payments to suppliers for tax reporting and withholding purposes.

Herewith mentioned the income types which are relevant for CIS Reporting. These are already available in *Enterprise/Tax/Income Type Details.* User can define more income types as per the requirement, and can be connected in supplier basic data *(Enterprise/Supplier/Invoice/Supplier Tax Withholding/Income Type Details)* in order to utilize for CIS Tax reporting accordingly.

Income Type ID	Description
1. LAB	Labour
2. MAT	Material
3. OOS	Out of Scope

Income Type Details

	Country ID	Income Type	Description	1099 Threshold Currency	1099 Threshold Amount	Report Code	Tax Withholding Code	Cf Mahstrattr1	Cf Mahdateattr3
	GB	LAB	Labour	GBP	0.00		Optional		
	GB	MAT	Material	GBP	0.00		Optional		
	GB	OOS	Out of Scope	GBP	0.00		Optional		

Please be noted that only the Income Types created against the Company's Accounting Currency will be available at Supplier level*(Enterprise/Supplier/Invoice/Supplier Tax Withholding/Income Type Details)*.

2.4.2 COMPANY LEVEL BASIC DATA – TAX CODES

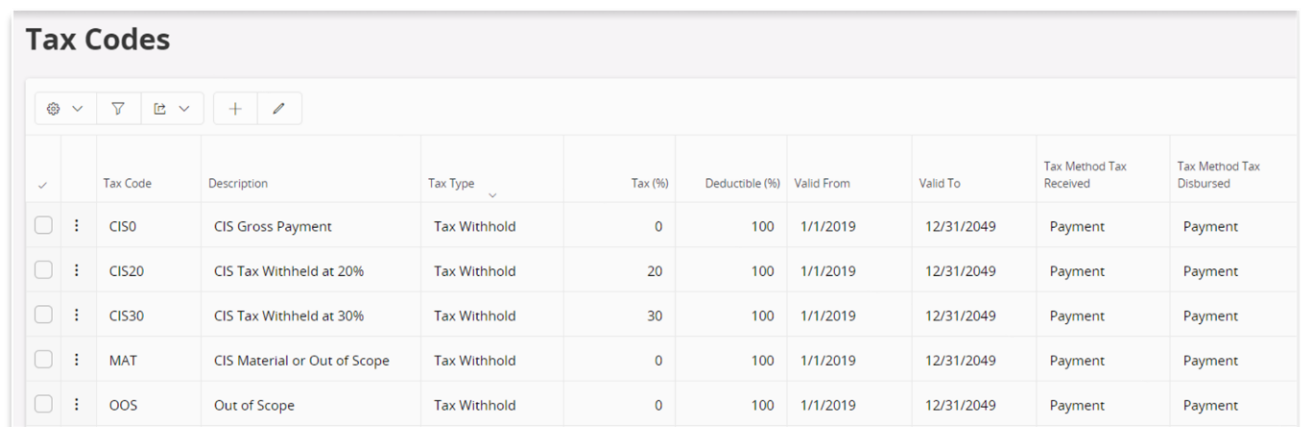As per the CIS Reporting requirement, it is necessary to define **Gross, Net** and **Unmatched** withholding tax codes in *Accounting Rules/Tax/Tax Codes* page (as given in the screen shot below). These have been provided via the UK Company template as well.

Tax Code	Description
CIS0	CIS Gross Payment
CIS20	CIS Tax Withheld at 20%
CIS30	CIS Tax Withheld at 30%
MAT	CIS Material or Out of Scope
OOS	Out of Scope

Tax Codes
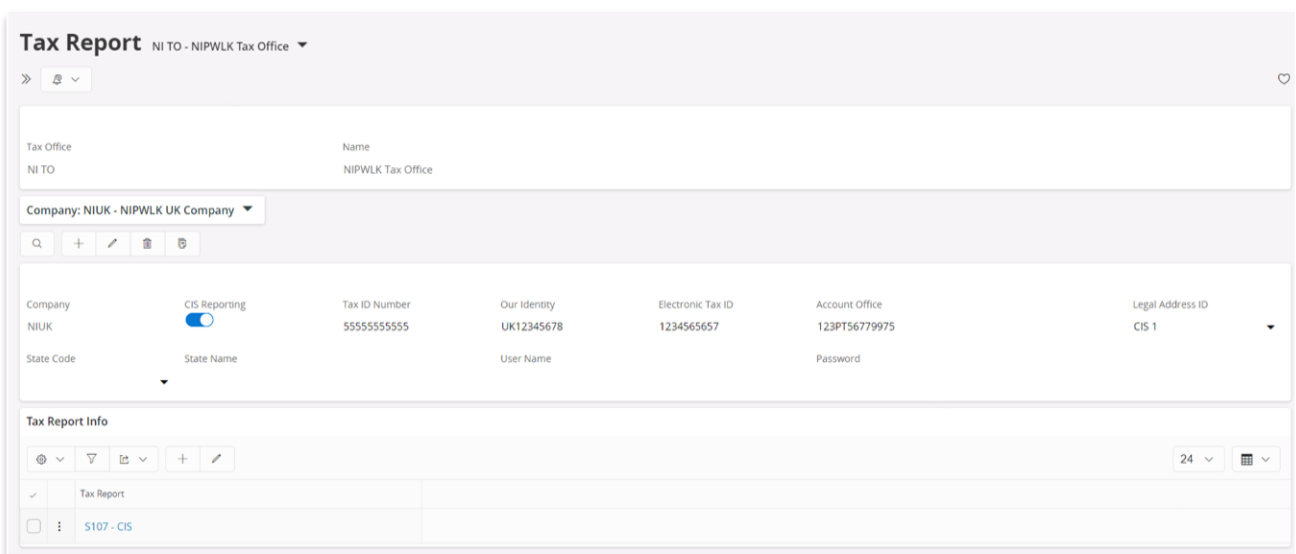
	Tax Code	Description	Tax Type	Tax (%)	Deductible (%)	Valid From	Valid To	Tax Method Tax Received	Tax Method Tax Disbursed
	CIS0	CIS Gross Payment	Tax Withhold	0	100	1/1/2019	12/31/2049	Payment	Payment
	CIS20	CIS Tax Withheld at 20%	Tax Withhold	20	100	1/1/2019	12/31/2049	Payment	Payment
	CIS30	CIS Tax Withheld at 30%	Tax Withhold	30	100	1/1/2019	12/31/2049	Payment	Payment
	MAT	CIS Material or Out of Scope	Tax Withhold	0	100	1/1/2019	12/31/2049	Payment	Payment
	OOS	Out of Scope	Tax Withhold	0	100	1/1/2019	12/31/2049	Payment	Payment

2.4.3 COMPANY LEVEL BASIC DATA – TAX OFFICE

Define CIS specific tax office and related basic data in *Enterprise/Tax/Tax Office/Tax Report* tab as per below.

- **CIS Reporting** - This option should be enabled if the Tax Office is used for UK CIS reporting, for the given company.

- **Tax ID Number** – The company tax ID number. For CIS, this is the first part of the PAYE reference.

- **Our Identity** - The ID used by the tax office to identify the company. For CIS, this is the second part of the PAYE reference.

- **Electronic Tax ID** - Unique Taxpayer Reference (UTR) provided to the contractor/ company by UK Tax Authority

- **Account Office** - Reference number of the Tax Office.

- **Legal Address ID** - The legal address identity of the contractor/ company which is used for the purpose of CIS tax reporting. You can select any of the address identities exist for the company as the legal address.

- **User Name** - Username required when transferring files to tax authority via a system-to-system integration.

- **Password** - Password required when transferring files to tax authority via a system-to-system integration.

Connect the defined Tax Report for CIS in Tax Report Info group (Refer Chapter 2.7.1 for details of defining Tax Report).

2.4.3.1 Validations and Information Messages – Tax Office

Few validations has been implemented in *Tax Office/Tax Report* page in order to ensure correct setup of basic data and it's accurate formatting.

Incorrect format in Account Office and Electronic Tax ID

When saving a record, if **CIS Reporting** option is enabled, then the **Electronic Tax ID** and **Account Office** records are validated, to ensure their format corresponds to the following.

'0' indicates a numeric (0-9) with leading zero(s)
'a' indicates alphanumeric
'*' indicates alpha (non numeric)

Any other values indicate specific characters/numbers required at specific positions.
All trailing whitespace should be removed.

Field	Field Type	Length	Field Mask
Electronic Tax Id	Numeric	10	0000000000
Account Office	Alpha numeric	13	000P*00000000

If this format is not satisfied, below error message/s are given, and the record is prevented from saving.

"Incorrect format in Electronic Tax ID and Account Office."
"Incorrect format in Electronic Tax ID."
"Incorrect format in Account Office."

This is given in both the ways where the user defines records in general, and sets the Tax Office to CIS (by enabling the option **CIS Reporting**), or user first sets the Tax Office to CIS and enter the records in incorrect format.

Replace Tax Office for CIS Reporting

In IFS, Tax Office is company specific, so there is a possibility to define CIS Tax office differently for different companies.

In that case, if the user attempts to change the Tax Office (X) to another (Y) for a given company, by enabling the **CIS Reporting** option in a different Tax Office than previously stated, below message should be given as a warning.

"For company C1, current Tax Office Y will replace Tax Office X for CIS Reporting."

Update Electronic Tax ID

In a scenario of updating the existing **Electronic Tax ID** in the *Tax Office*, CIS records should get updated by checking for existing records in database for same Electronic Tax ID and Account Office combination, and assigning/updating the sequence accordingly.

"Changing the Electronic Tax ID will create/update the CIS records connected to any related suppliers."
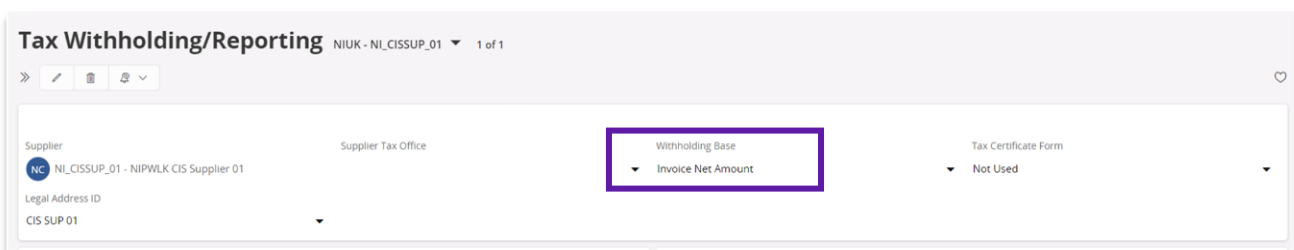
Prevent defining an Electronic Tax ID in a company when the same is connected to a different company which the user does not have access

Below error message is provided to prevent incorrect definition of **Electronic Tax ID**.

"Electronic Tax ID/ Unique Taxpayer Reference X is already connected to company C for which User Y does not have access."
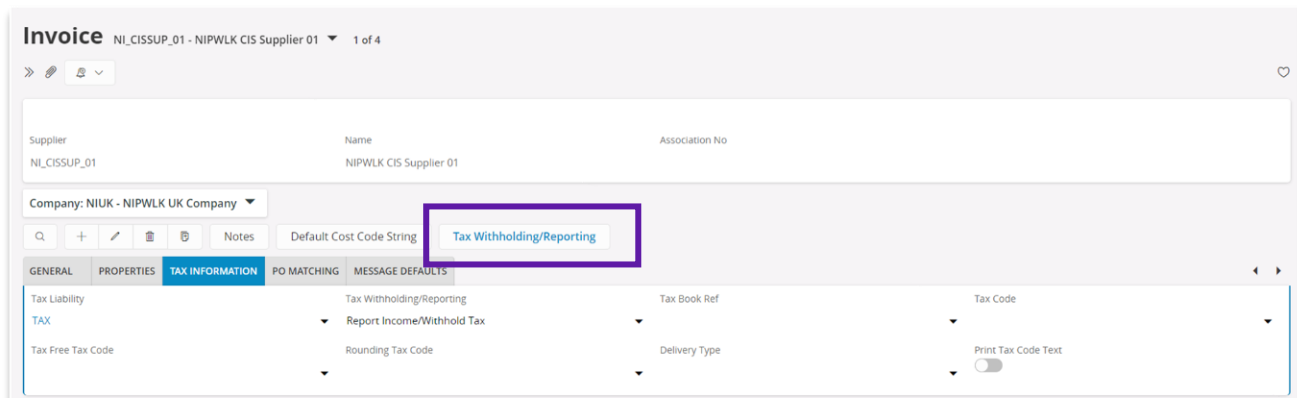
2.4.4 SUPPLIER LEVEL BASIC DATA – TAX WITHHOLDING BASE

The withholding tax base to be declared in CIS reporting must be set as **Invoice Net Amount** for each supplier in *Enterprise/ Supplier/Invoice/Tax Withholding Reporting* command button.

Note: In order to get the **Tax Withholding Reporting** command button enabled, **Tax Reporting/Withholding** field must be updated to **Report Income/Withhold Tax** in *Enterprise/ Supplier/ Invoice/Tax Information* Sub tab.
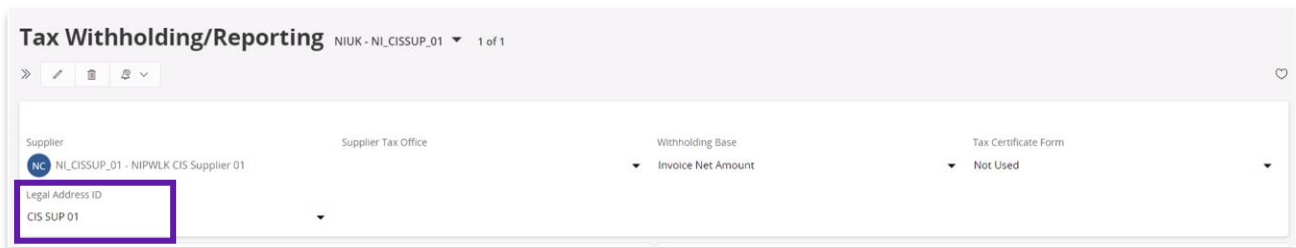

2.4.5 SUPPLIER LEVEL BASIC DATA – CONNECT ADDRESS ID FOR SUPPLIER

Address which is to be used for the purpose of CIS reporting must be defined in **Legal Address ID** field. Defined addresses for the supplier in *Enterprise/ Supplier/Address tab/ General Address information* are fetched through the list of values.
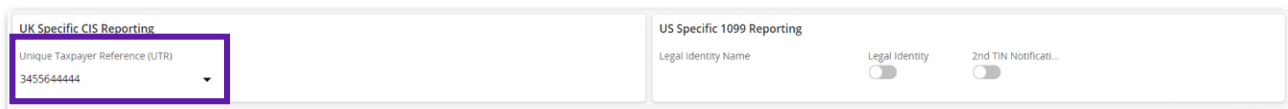
This address will be used to fetch relevant supplier related information for CIS tax reports.

2.4.6 SUPPLIER LEVEL BASIC DATA – UNIQUE TAXPAYER REFERENCE (UTR)

Enter the Unique Taxpayer Reference for the supplier in the ***Unique Taxpayer Reference (UTR)*** field in ***UK CIS Reporting*** group. This code is issued and used by UK Tax Authority to identify the suppliers for CIS related tax purposes.

UTR can be entered as a new record in the given field, or else existing UTR records can be fetched through list of values.

2.4.6.1 Validations and Information Messages – Unique Taxpayer Reference

Few validations has been implemented in **UK Specific CIS Reporting** group in ***Tax Withholding/Reporting*** page in order to ensure correct setup of basic data.

Incomplete data in Tax Office

When user does not define a Tax Office for CIS reporting, or defines with incomplete basic data (Electronic Tax ID and Account Office), and attempts to define supplier basic data starting from Unique Taxpayer Reference (UTR), following error message will be given.

"Tax Office has not been correctly set up for company C1."

Note : This error message gets popped up at ***CIS Basic Data*** group level, in an instance of not having a Unique Taxpayer Reference (UTR) for the supplier.

Error when Post Preliminary Tax Withholding is enabled

When Post Preliminary Tax Withholding option stays enabled in ***Company/Tax Control/Invoice*** sub tab when user attempts to define CIS basic data in supplier level, starting from Unique Taxpayer Reference (UTR), below error message will be given.

"Post Preliminary Tax Withholding should be disabled for company X in Company/Tax Control, when the suppliers are defined for CIS."

Note : This error message gets popped up at CIS Basic Data group level, in an instance of not having a Unique Taxpayer Reference (UTR) for the supplier.

Incorrect format in Unique Taxpayer Reference (UTR)

Unique Taxpayer Reference (UTR) should have numeric characters with a length of 10 characters. Upon not fulfilling the correct format criteria, below error message will be given.

"Unique Taxpayer Reference (UTR) does not have the correct format, please verify."

Removal/ Change of Unique Taxpayer Reference (UTR)

If a record has been saved with a UTR and the UTR is subsequently changed, or, If a record has been saved without a UTR entered and the user subsequently adds one, a check should be done to see if the new UTR (combined with the relevant Company UTR and Account Office) already exists in the identity_invoice_info_tab in database.

If Yes, a warning message is given on saving,

This Unique Taxpayer Reference (UTR) already exists. Therefore, CIS Basic Data will be overwritten with the details for this UTR."

If the user clicks **OK**, the CIS Basic Data and CIS Verification Details in the page will instead display the record for the existing record (nothing will be removed from the identity_invoice_info_tab table as the UTR may also exist on other suppliers).

If the user clicks **Cancel**, the change will not be saved.

If the UTR does not already exist, a warning message will be given on saving,

 "By changing the Unique Tax Reference (UTR), CIS Basic Data will be removed, and a new record should be entered. Do you want to continue?"

If the user clicks **OK**, the change will be saved, and CIS Basic Data and CIS Verification Details in the page will be refreshed to be blank. If the user clicks **Cancel**, the change will not be saved.

If a UTR is available, and If the user subsequently removes the value for UTR, below message will be given.

"By removing the Unique Taxpayer Reference (UTR), CIS Basic Data will be removed, and a new record should be entered. Do you want to continue?"

If the user clicks **OK**, the change will be saved, and CIS Basic Data and CIS Verification Details in the page will be refreshed to be blank.

If the user clicks **Cancel**, the change will not be saved.

2.4.7 SUPPLIER LEVEL BASIC DATA – CIS BASIC DATA

CIS Supplier

Define CIS specific basic data in *CIS Basic Data* group in order to identify the supplier as a CIS Supplier.

Note: Identifying whether the supplier is a CIS supplier or not is vital for applying withholding taxes, handling validations etc. in the respective functional flows.

Assigned basic data for a given UTR (Based on sequence) will be fetched accordingly if the user assignes a UTR (Existing record) through list of values for a supplier.

If the user enters a new record (UTR), CIS Basic Data should be defined manually.

- **Registered Trading Name** - Legal name of the supplier as registered in the UK tax authority (HMRC).

- **First Name** - First name of the supplier as registered in the UK tax authority (HMRC).

- **Middle Name** - Middle name of the supplier as registered in the UK tax authority (HMRC).

- **Last Name** - Last name of the supplier as registered in the UK tax authority (HMRC).

- **NINO** - National Insurance Number of the supplier.

- **Action Indicator** - This can either be Verify or Match and is included on all supplier verifications submitted to HMRC.

- **Company Registration Number** - Registration number required for partnerships and companies.

- **Business Type** - This can either be **Partnership**, **Company**, **Soletrader** or **Trust** and is included on all supplier verifications.

- **Partnership Name** - This is required when Business Type is **Partnership**.

- **Partnership UTR** - This is required when Business Type is **Partnership**.

- **Exclude from Verification** - If this option is enabled, this supplier will be excluded from automatic supplier verification process for UK CIS Reporting.

2.4.7.1 Validations and Information Messages – CIS Basic Data

In order to ensure correct data combinations are recorded in CIS Basic Data group, following validations have been implemented.

If the Business Type is anything other than **Partnership**, then the **Partnership UTR** and **Partnership Name** must be blank. If not, an error message will be given as per below.

"Partnership UTR and Partnership Name must be empty when Business Type is not Partnership."

If Action Indicator is **Match** and Business Type is **Partnership**, then the **Partnership UTR** and **Partnership Name** are mandatory. If this are not completed, an error message will be given as per below.

"Partnership UTR and Partnership Name must be entered when Action Indicator is Match and Business Type is Partnership."

If Action Indicator is **Match** and Business Type is **Partnership** then at least one of the fields Supplier Unique Taxpayer Reference, Company Registration Number, or NINO must be completed. If none of these are completed, an error message will be given as per below.

"Either Supplier UTR, Company Registration Number or NINO must be entered when Action Indicator is Match and Business Type is Partnership."

If Action Indicator is **Match** and Business Type is anything other than **Partnership**, then the Supplier Unique Taxpayer Reference is mandatory. If it is not entered, an error message will be given as per below.

"Unique Taxpayer Reference (UTR) must be entered."

Either **First name** and **Surname** or **Trading Name** is required. If the user saves a record without fulfilling this criteria, an error message will be given as per below.

"Either Registered Trading Name or First Name and Last Name must be entered."

If there is a **Trading name**, **Middle Name** must not have a value at the same time. If both exist, an error message will be given as per below.

"Middle Name cannot exist when Registered Trading Name has a value."

Surname must exist if **First Name** exists. If not, an error message will be given as per below.

"Last Name must be entered when First Name has a value."

If the user edits an existing record in the **CIS Basic Data**, when that record is saved in inline edit, a check will be executed to see whether there are any other Suppliers or Companies with the same UTR where the Company UTR and Account Office also match. If so, the below warning message will be given.

"This will change CIS specific information for related companies and suppliers. Do you want to continue?

2.4.8   SUPPLIER LEVEL BASIC DATA - CONNECT INCOME TYPES FOR SUPPLIER

Income types relevant for each supplier must be defined in *Enterprise/ Supplier/ Invoice tab/ Tax Withholding Reporting* page. **Default Income Type** must be set to **Yes** for a desired income type, in order to be fetched automatically when an invoice line is registered/created.

If there are income types other than the default or no income type is selected as default, relevant income type must be entered in column **Income Type Identity** in *Financials/ Manual Supplier Invoice* Page.

2.4.9   SUPPLIER LEVEL BASIC DATA – DEFAULT TAX WITHHOLDING CODES

The relevant withholding tax codes for each supplier must be defined in **Default Tax Withholding Codes** group in *Enterprise/ Supplier/Invoice/Tax Withholding Reporting* page.

For CIS Reporting, each Labour Income Type should be defined with all the possible Verification Statuses and the respective Tax Codes (Refer the following screen shot for details).

Note: for Material and Out of Scope Income types, CIS Status should always be **Not Used**.

Default Tax Withholding Codes

		Tax Code	Tax (%)	Income Type	CIS Status	Report Code
☐	⋮	CIS0	0	LAB1 - LAB1	Gross	
☐	⋮	CIS20	20	LAB1 - LAB1	Net	
☐	⋮	CIS30	30	LAB1 - LAB1	Unmatched	
☐	⋮	CIS0	0	LAB2 - LAB2	Gross	
☐	⋮	CIS20	20	LAB2 - LAB2	Net	
☐	⋮	CIS30	30	LAB2 - LAB2	Unmatched	
☐	⋮	MAT	0	MAT - Material	Not Used	
☐	⋮	OOS	0	OOS - Out of Scope	Not Used	

2.4.9.1 Validations – Default Tax Withholding Codes

In order to ensure correct data combinations are recorded in **Default Tax Withholding Codes** group, following validations have been implemented.

Entering CIS Basic Data prior to defining CIS specific tax codes

User should be prevented by defining **Net**, **Gross** and **Unmatched** statuses to the WHT records (other statuses than **Not Used**) if the supplier is not CIS specific.

Matter of whether a supplier is a CIS Supplier or not, has to be identified through sequence (technically).

Therefore, user should define correct CIS Basic Data (with or without a Unique Tax Payer Reference) in order to create sequence in the table identity_invoice_info_tab, and then define Default Tax Withholding Codes. Upon not following the correct order, following error message will be given.

"It is required to enter CIS basic data prior to defining CIS specific withholding tax codes."

Restriction to not to have same CIS status with more than one tax code

In the combinations defined in Default Withholding Tax Codes group, a given CIS Status should exist only with one withholding tax code. Therefore, below validations have been given to ensure that correct data setup is followed.

"CIS Status X already exists with another Tax Code"
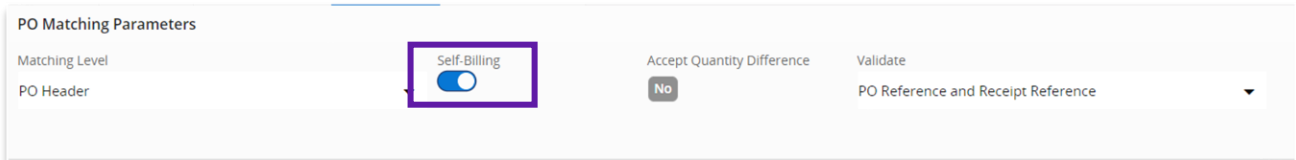*"Tax Code X already exists with another CIS Status."*

Restriction to not to have Income type % for CIS specific suppliers

In order to prevent using "%" as Income Type, following error message is given.

"Income type % is not allowed for a CIS Supplier.

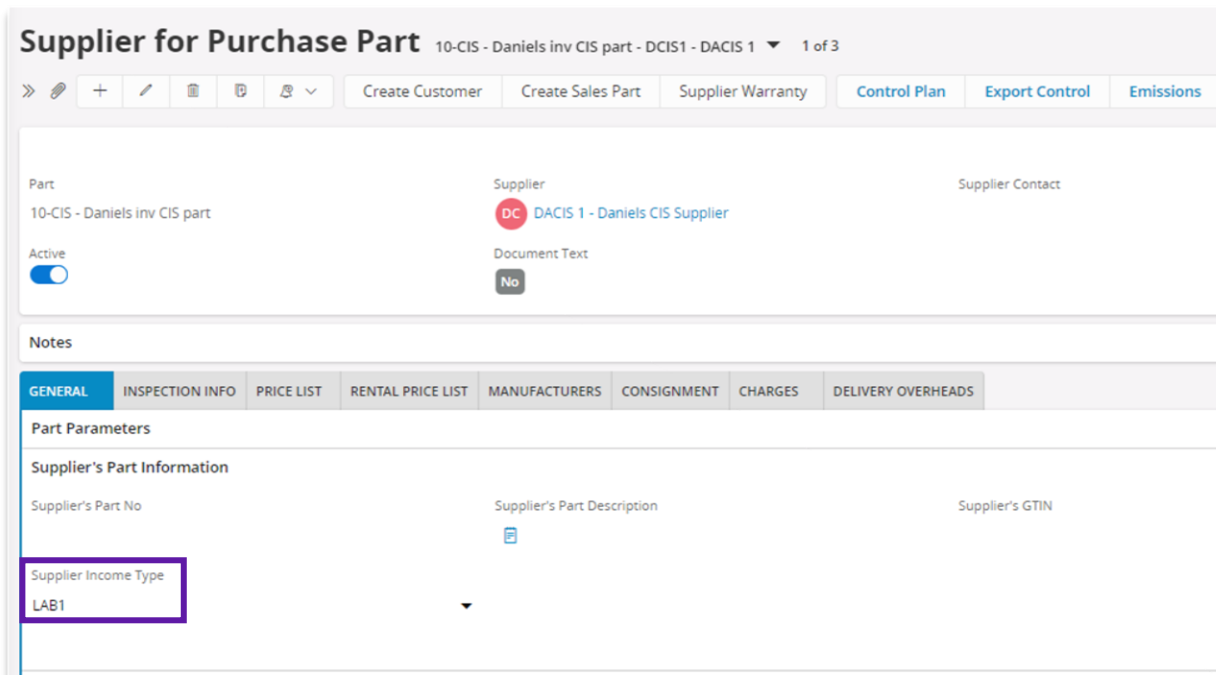### 2.4.10 SUPPLIER LEVEL BASIC DATA – PURCHASE REQUISITIONS AND ORDERS ; SELF BILLING INVOICES

For CIS suppliers setup to use self-billing supplier invoice, the generic basic data for self-billing must be setup. This will retrieve tax withholding codes based on CIS supplier status and supplier income type from purchase order lines. Self-billing invoice initiated from Register Arrivals or Manual Incoming Dispatch Advice will be supported.

2.4.11 PURCHASE PART LEVEL BASIC DATA – PURCHASE REQUISITIONS AND ORDERS ; SELF BILLING INVOICES

New part basic data has been introduced to support CIS in purchasing flows using self-billing invoice. This will provide a possibility to set a default income type for each supplier for purchase part record based on supplier income type basic data. This field will be enabled for all CIS suppliers and will serve as default supplier income type for parts enterered on a purchase requisition or purchase order.

2.4.12 BASIC DATA - SUB CONTRACT MANAGEMENT

No specific setup is required with regards to Sub Contract flow in CIS.

Please refer Chapter 2.8 for the detailed information on functionality.
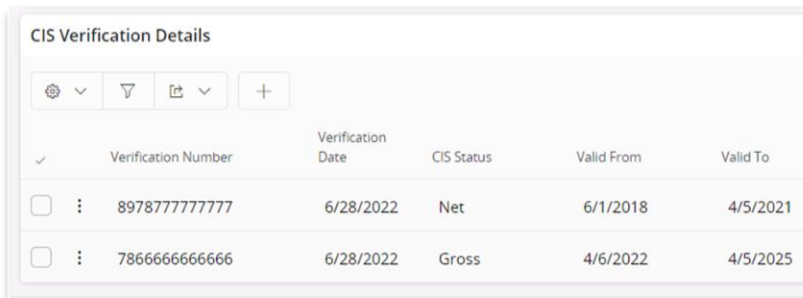
2.5 Supplier Verification

This function is used to obtain CIS verification details for each supplier. This could be done manually, and also automatically through HMRC integration via **CIS Verification Proposal**. Detailed information on the functionality is given in following chapters.

2.5.1 SUPPLIER LEVEL BASIC DATA – CIS VERIFICATION DETAILS (MANUAL VERIFICATION)

Enter the verification status for a given supplier for a particular period in **CIS Verification Details**.

Assigned verification details for a given UTR (Based on sequence) will be fetched accordingly if the user assignes a UTR (Existing record) through list of values for the supplier.

2.5.1.1 Validations and Information Messages – CIS Verification Details (Manual Verification)

In order to ensure the data is correctly defined, and also to ensure the user is properly made aware of the consequences of changing data setups, following messages have been implemented as warnings and errors.

Manual Verification

When manually entering verification details, Verification Number must have 11, 12 or 13 characters. Upon not having the correct formatting, below error message will be given.

"Incorrect format in Verification Number."

According to the solution in IFS, next entered verification should be starting from (Valid From) after the latest verification, or a date in between the verification period for the latest. If a date in between the verification period for the latest is entered as the Valid From date of latest record, valid to of the existing latest verification is getting adjusted accordingly.

"A new verification must be valid from a date later than the latest verification."

If a new record is entered with a Verification Number similar to a previous record, on the same Verification Date, below message will prevent entering such a record.

"This Verification Number with the same Verification Date already exists."

Deleting Verification Results

When user attempts to delete a verification detail other than the latest one, below error message will be given.

"Only the latest verification can be removed."

If the user attempts to delete a verification detail where a payment has been made on or after the valid from date, a warning message will be given as per below.

"A payment has already been made using this verification result. Do you want to proceed?"

When the user attempts to delete a verification detail, below warning message will be given if other companies or suppliers share the similar record.

" This will change CIS specific information for related companies and suppliers. Do you want to continue?"

2.5.2   SUPPLIER LEVEL BASIC DATA – CIS VERIFICATION DETAILS (AUTOMATIC SUPPLIER VERIFICATION)
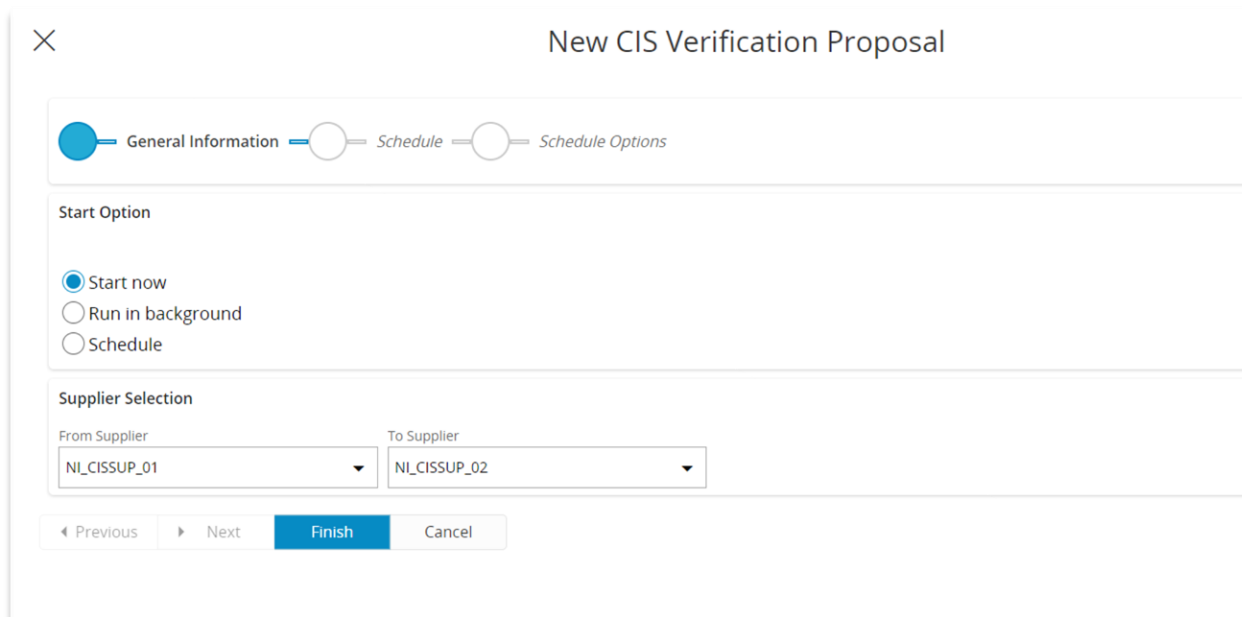
Through this procedure, CIS specific suppliers can be verified automatically through HMRC integration, and accurate details can be fetched to **CIS Verfication Details** in Supplier basic data.

New Page **CIS Verification Proposal** has been implemented to handle the functionality.

Navigate to **Financials/Supplier Invoice/CIS Verification Proposals.**
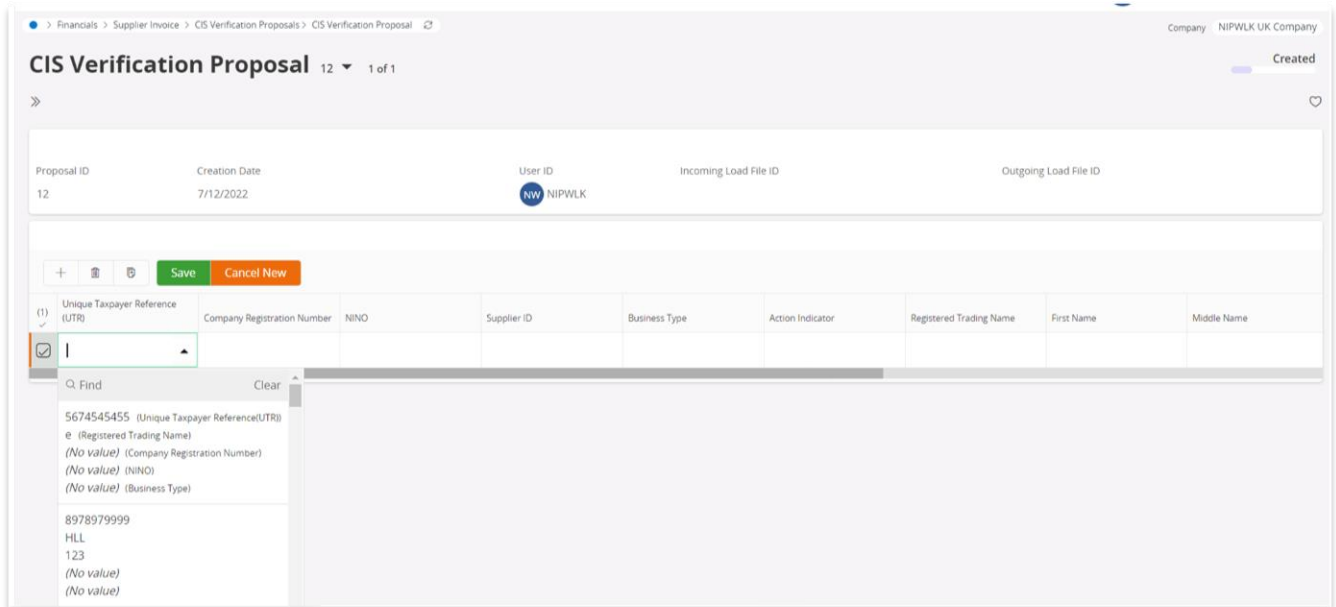
Click **New Proposal**, and in the assistant, enter the range of suppliers to be verified through UK HMRC.

Select the desired Start Option and click **Finish**.

Upon Finish command, CIS Verification Proposal fetches suppliers with no valid verification entered in *CIS Verification Results* group in *Supplier/Invoice/Tax Withholding/Reporting*, and also the expired suppliers as at SYSDATE.

After the CIS Verification Proposal is created, it is possible to enter new records via the list of values in Unique Taxpayer Reference (UTR) field, upon requirement.

Acknowledge the proposal and **Transfer**.

After the response from UK HMRC is received, Status will be changed to **Transferred** or **Error** based on the response.

In *External File Transactions*, further details of the incoming file and outgoing file can be referred. User will be directed to the relevant External File Transaction via the **Load ID**.

If the **Status** stays on **Pending Response** after transferring, as a result of not receiving the response from HMRC within a reasonable time, user could set the **Status** value to **Error** via command **Clear Pending Response**. Subsequently, user is able to transfer the proposal to HMRC again (With any change or without).

A CIS Verification Proposal can be cancelled upon requirement using the **Cancel** command, when the proposal stays in statuses **Created**, **Acknowledged** and **Error**.

2.5.2.1   Validations and Information Messages – Automatic Supplier Verification

In order to ensure correct process is being followed, following error messages have been implemented in CIS Verification Proposal page.

When a verification proposal is created for a company with a supplier UTR included (to be verified) but still not transferred or cancelled, below error message will be given when a user attempts to create another verification proposal for the similar supplier UTR in a different company.

"Verification Proposal P1 is available with supplier UTR X1 in Company C1. Unable to create a new proposal."

When a verification proposal is available for a company but still not in transferred or cancelled, following error message is given to prevent user from creating a new proposal.

"Verification Proposal :P1 is not "Transferred" or "Cancelled". Unable to create a new proposal."

When a user attempts to trnasfer a verification proposal with no data included, following error message is given to prevent user from transferring the empty proposal.

"Cannot transfer empty proposal (P1)."

When a user executes **Clear Pending Response** command in order to change the **Status** from **Pending Response** to **Error**, following information message will be given.

"This will set the proposal to Error state. Do you want to continue?"

When a user submits a tax proposal to the live server through **Transfer** command, following information message will be given.

"This will complete a live submission. Do you want to continue?"

2.5.2.2   Handle Test Data - Automatic Supplier Verification

Refer chapter 2.10 on test data, for the detailed information on transferring data to test server for testing purposes.

Refer chapter 2.12 on useful links, to obtain test supplier information provided by UK HMRC for test submissions.

2.5.2.3 Architecture of the integration

After creating and transferring the the CIS Verification Proposal, the data (Request) will be sent to UK Tax Authority (HMRC) through IFS Connect. From HMRC, IFS recieves the acknowledgement, and a Correlation ID.

Based on the Correlation ID, a Poll request will be sent to HMRC again. Following that, the exact response will be received back from the HMRC.

Based on the response, with regards to CIS Verification proposal, supplier verification results will be updated accordingly in supplier basic data in Tax Withholding/Reporting page.
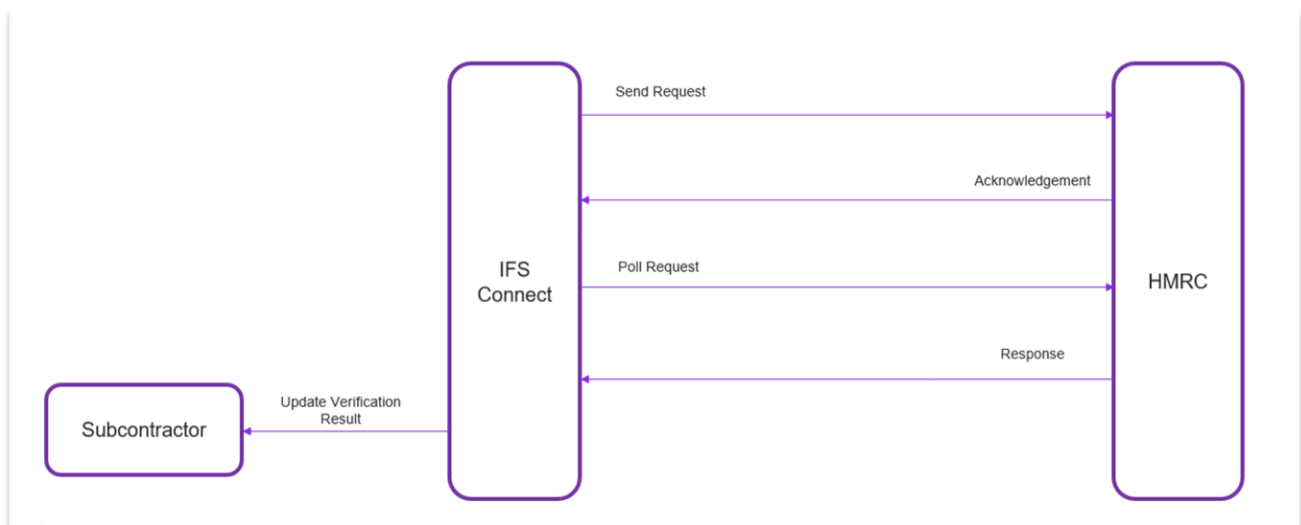
2.5.2.4 Scheduled Task - Update Supplier Verification Expiry

By executing this scheduled task, CIS Verification Results will be updated for the suppliers defined for CIS. Note: It is vital to have the correct **Valid To** date in *CIS Verification Details* of the supplier by the time when running a New Verification Proposal or making payments.

Based on the scheduled task, latest payment date will be checked for all the suppliers (with CIS setup) across all companies where the Electronic Tax ID and Account Office combination is similar.

Then the **Valid To** date for the respective records will get updated with latest payment date + 2 tax years.

As an example, a tax year starts from 6th April of a given year to 5th April of the following year (For 2022-2023, the tax year is 6th April 2022 to 5th April 2023).

At a scenario where the latest payment date happened to be 7th April 2022, the valid to date will be updated to 5th April 2025.

2.6 Tax Withholding and Payment Deduction

In following chapters, accurate fetching of tax withholding in *Manual Supplier Invoice /Tax Lines, Withholding* followed by possible recalculation upon having the amount of tax to be withheld for the supplier is changed at payment date is explained.

2.6.1 ENTER MANUAL SUPPLIER INVOICES FOR CIS SPECIFIC SUPPLIERS

Enter supplier invoice transactions in *Financials/Supplier Invoice/Manual Supplier Invoice* as per IFS generic functionality.

Relevant withholding tax codes will be fetched and amounts will be calculated accordingly, based on the data setup in supplier basic data.

2.6.1.1 Validations and Information Messages – Enter Manual Supplier Invoices for CIS specific suppliers

Income type should be a mandatory basic data in an line item of an invoice registered for a CIS specific suppler, as the correct Withholding Tax line will be created based on the income type.

Upon not having an income type in the the invoice line as a result of not having a default income type in supplier basic data, or if the user manually removes what is being fetched to the invoice line,

or if an extra line item is added without specifying an income type, below error message will be given upon finishing the invoice creation.

"Supplier Income Type must have a value when supplier is defined for CIS."

This will prevent registering an invoice without a WHT line item which is mandatory for CIS reporting.

2.6.2   PAYMENT AND CREATE TAX TRANSACTIONS

Process the payments for the invoices as per IFS generic functionality, followed up by ***Update GL Vouchers*** and ***Fetch Tax Ledger Information***, in order to create tax transactions.

2.6.2.1   Validations and Information Messages – Process Payment

Several messages have been implemented in payment level as information messages and also as error messages in order to make the user aware about possible recalculation of withholding taxes (Please refer Chapter 2.6.3) and also to prevent processing payments for invoices which are not eligible for payment.

When a supplier, which an invoice is raised for, does not have a valid verification at the payment date, below error messages are given and it restricts making the payment for the invoices.

"Supplier P1 does not have a valid verification for the payment date P3."

This error message is given at below locations.

- Mixed payment lumpsum level (directly through List of Values), at tab out.
- Mixed payment matching level (directly through List of Values), at tab out.
- Mixed payment matching level select batch, at **OK** command.
- Mixed payment assistant, header level.
- Mixed payment assistant (directly through List of Values), at tab out.
- Mixed payment assistant select batch, at **OK** command.
- Supplier Payment Proposal (manually through list of values).
- Supplier Check assistant (directly through List of Values), at tab out.
- Supplier Check assistant select batch, at **OK** command.

"There is no valid CIS Verification for Supplier(s) P1.P1 for the payment date P2. Therefore, the invoices of this supplier(s) will not be loaded to the proposal."

This error message is given at Supplier Payment Proposal – automatically via assistant, and the invoices will not be loaded to the proposal.

Note : Other Payment items such as Payment In Advance, Payment On Account, Difference Items, Parked payments have not been specifically handled for CIS.

2.6.3 WITHHOLDING TAX RECALCULATION

If the amount of tax to be withheld for a supplier gets changed (If the verification result has changed) then this must be updated on any invoices not yet paid at the time of the change.

In order to cater this requirement, IFS solution provides the possibility of recalculation of withholding taxes at the time of payment as per below.

If an invoice is selected for payment for either of the options in **Mixed Payment**, **Supplier Payment Proposal** or **Supplier Check**, if the relevant supplier's verification result is different to what was applicable at the time of registering the invoice, invoice withholding tax line will be recalculated, and the said invoice will be updated too.

Note: Other Payment Flows other than mentioned above have not been specifically handled in CIS solution. Therefore, if there is a requirement or any concern on CIS point of view when running those flows, those should be evaluated case by case.

2.6.3.1 Information Messages – WHT Recalculation

In order to make the user aware of tax recalculation process, several information messages have been implemented as follows.

Information message **"Tax Withholding of this invoice will be recalculated."** is given in below locations.
- Mixed payment lumpsum level (directly through List of Values), at tab out.
- Mixed payment matching level (directly through List of Values), at tab out.
- Mixed payment assistant, header level.
- Mixed payment assistant (directly through List of Values), at tab out.
- Supplier Payment Proposal (manually through list of values).
- Supplier Check assistant (directly through List of Values), at tab out.

Information message **"Tax Withholding of the selected invoice(s) will be recalculated if the CIS verification status has been changed subsequently."** is given in below locations.

- Mixed payment matching level select batch, at **OK** command.
- Mixed payment assistant select batch, at **OK** command.
- Supplier Check assistant select batch, at **OK** command.

Information message **"Tax Withholding might be recalculated if the CIS verification status of the supplier(s) has been changed subsequently."** is given in Supplier Payment Proposal – automatically via assistant, at **Finish** command.

2.6.4 WHT RECALCULATION – FACILITATING IR35 REQUIREMENT

There is another legal tax withholding requirement in the UK, which is IR35. That has to do with withholding tax relating to a supplier's tax contributions relating to their employment tax (where the supplier is contracted to work for a company and is a contracted employee). Often the customers have both IR35 and CIS applying to the same invoices. Companies do not know the exact withholding amount at the time of invoice, therefore, it is defined with at WHT amount of 32% to start with typically, and after payroll calculations have been run, it's amended at the payment manually.
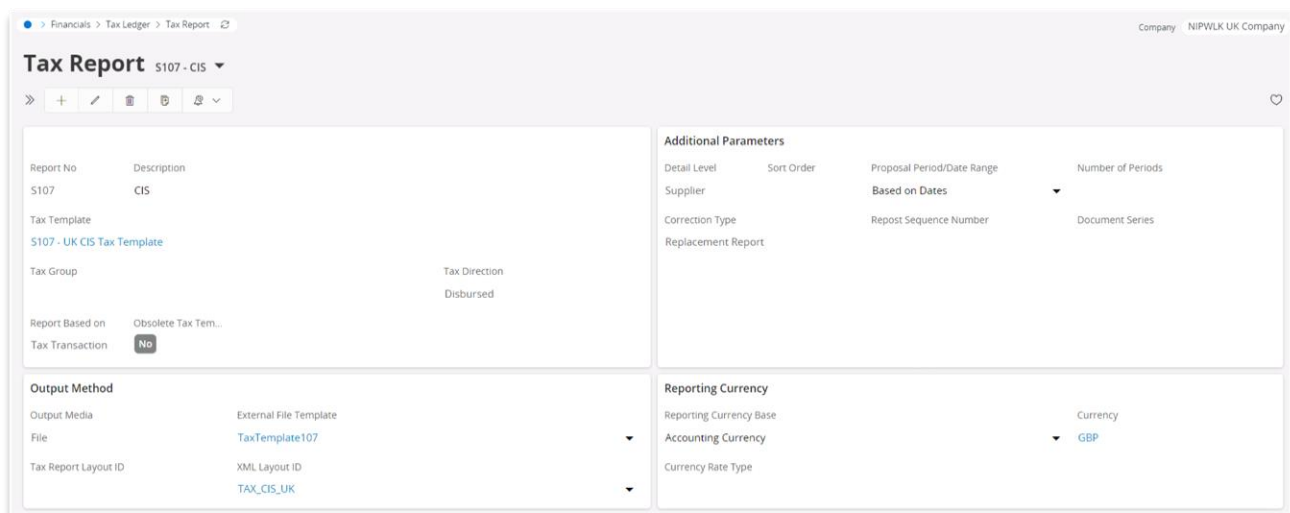
In IFS, this requirement is currently supported as a part of CIS functionality, based on generic withholding tax solution. Therefore, if an invoice is registered for a CIS supplier (with a withholding tax line for a CIS specific withholding tax code) together with another withholding tax line which is not created for a CIS specific withholding tax code, that tax line will not be subjected to withholding tax recalculation.

2.7 CIS Monthly Reporting

Below chapters will explain how the tax reporting and supplier monthly statement is handled in IFS.

2.7.1 CREATE TAX REPORT
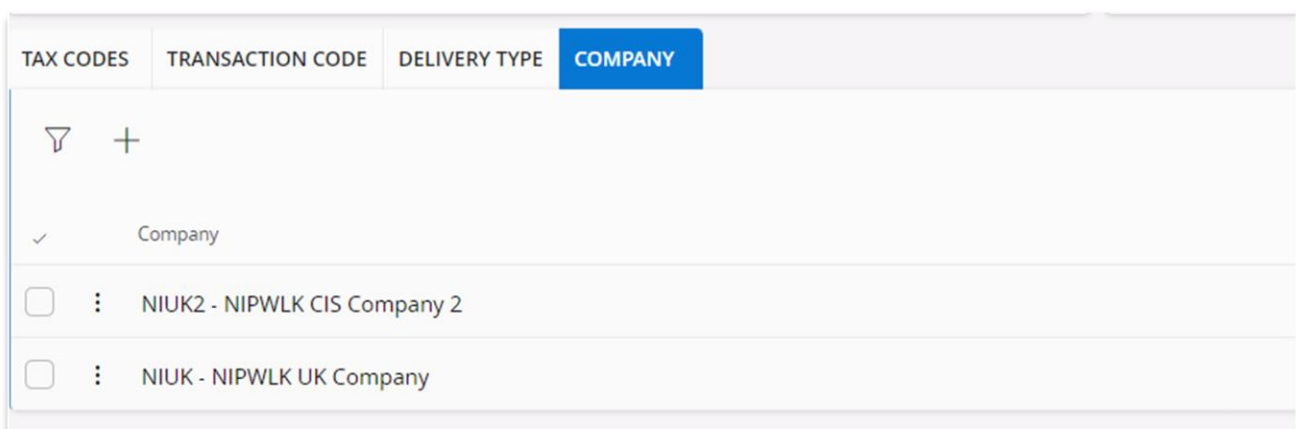
A new tax template specific for CIS **S107 - UK CIS Tax Template** is introduced and must be used to create the tax report.

To create Multi-Company Tax Proposals, connect required companies in **Company** tab.

Before creating the tax report, it is mandatory to have duly defined tax template field control for the tax template **S107** in **Financials/Tax Ledger/ Basic Data/Tax Template Field Control** page. This will be available through STD-UK company template.
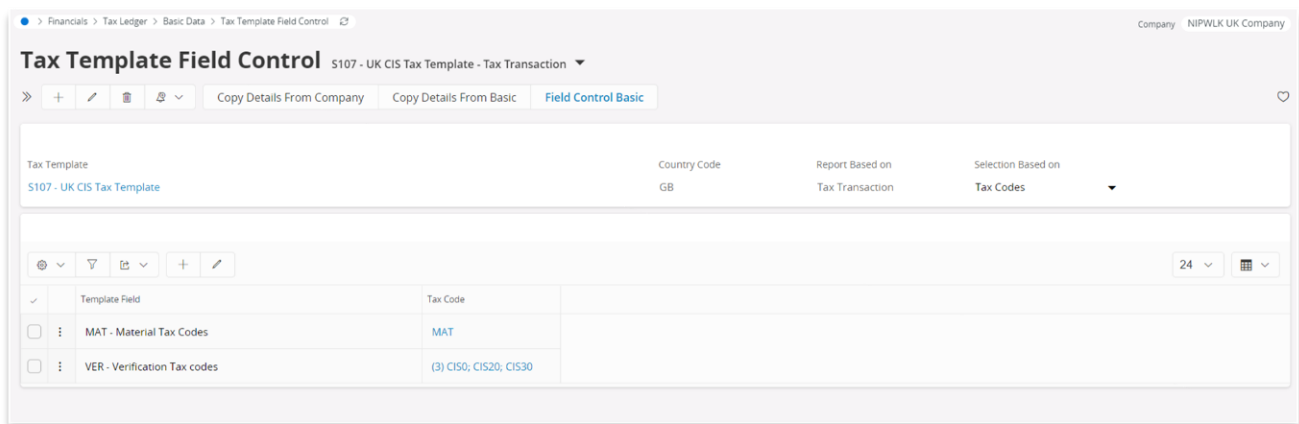
In Tax Template Field Control, Relevant tax codes are connected to Template Fields **Material Tax Codes** and **Verification Tax Codes accordingly,** to correctly handle tax reporting.

Note : In Multi-Company tax reporting, all companies should have similar tax codes connected to Tax Template Field Control.

2.7.2 CREATE TAX PROPOSAL

Use generic functionality to create the tax proposal for the previously defined tax report. A date range should be given to create the report.

Note : It is important to connect the CIS specific tax office in **Tax Office** field to fetch the data accurately to tax reports.

New Columns **Unique Taxpayer Reference** and **Verification Number** has been implemented in *Tax Proposal Details* page. This is to represent the supplier UTR number related to a given transaction, and also the reference number of the relevant verification respectively.

Note : Irrespective of what was available when creating the tax transactions, valid Verification Number of the supplier applicable for the period of the proposal is fetched to the Tax Proposal Details.

		Company	Tax Trans ID	Unique Taxpayer Reference	Verification Number		Voucher No	Voucher Type	Voucher Date	Accounting Year	Accounting Period
☐	⋮	NIUK	201366	2148725983	8788888888888		2022000000	N	6/2/2022	2022	6
☐	⋮	NIUK	201367	2148725983	8788888888888		2022000001	N	6/2/2022	2022	6
☐	⋮	NIUK	201368	2148725983	8788888888888		2022000002	N	6/2/2022	2022	6
☐	⋮	NIUK	201370	2148725983	8788888888888		2022000003	N	6/2/2022	2022	6
☐	⋮	NIUK	201372	2148725983	8788888888888		2022000004	N	6/2/2022	2022	6
☐	⋮	NIUK	201430	3455644444	7866666666666		2022000005	N	6/6/2022	2022	6

2.7.3 INFORMATION FIELDS

Click **Show Information Fields** command and Enter the **String Value** fields as required (Yes or No) for the five declaration fields in Information Fields.

String Values are fetched as per below by default, and editable as required.

	Template Field	Data Type	String Value	Number Value	Date
⋮	INFO1 - Name of Contractor	STRING	NIPWLK UK Company		
⋮	INFO2 - UTR of Contractor	STRING	2325648152		
⋮	INFO3 - Tax ID of Contractor	STRING	123		
⋮	INFO4 - Contractor ID at Tax Office	STRING	R163		
⋮	DEC1 - Can you confirm that the employment status of each individual included on this return has been considered and payments have not been made under contracts of employment?	STRING	Yes		
⋮	DEC2 - Can you confirm that every subcontractor included on this return has either been verified with HMRC, or has been included in previous CIS return in this, or the previous two tax years?	STRING	Yes		
⋮	DEC3 - Can you confirm that the information given on this return is correct and complete to the best of your knowledge and belief?	STRING	Yes		
⋮	DEC4 - Please indicate if you do not anticipate paying subcontractors in the next six months?	STRING	Yes		
⋮	DEC5 - Can you confirm that no payments have been made to subcontractors in the construction industry in this period?	STRING	No		

Given Declaration fields are as follows.

DEC1 – Declaration 1 (Employment Status)

"Can you confirm that the employment status of each individual included on this return has been considered and payments have not been made under contracts of employment?"

Represented by <EmploymentStatus> tag in XML report.

This is a mandatory field. Therefore, it is required to provide String Value as **Yes** or **No** as appropriate.

DEC2 – Declaration 2 (Subcontractor Verification)

"Can you confirm that every subcontractor included on this return has either been verified with HM Revenue & Customs, or has been included in previous CIS return in this, or the previous two tax years?"

Represented by <Verification> tag in XML report.

This is a mandatory field. Therefore, it is required to provide String Value as **Yes** or **No** as appropriate.

DEC3 – Declaration 3 (Information Correct)

"Can you confirm that the information given on this return is correct and complete to the best of your knowledge and belief?"

Represented by <InformationCorrect> tag in XML report.

This is a mandatory field. It is required to provide String Value as **Yes**.

DEC4 – Declaration 4 (Inactivity)

"Please indicate if you do not anticipate paying subcontractors in the next six months"

Represented by <Inactivity> tag in XML report.

This field is optional, therefore can provide String Value as **Yes,** or can keep it as blank.

DEC5 – Declaration 5 (Nil Return)

"Can you confirm that no payments have been made to subcontractors in the construction industry in this period?"

Represented by <NilReturn> tag in XML report.

This is a mandatory field. If the tax proposal is supposed to generate a NIL return, string value for DEC5 must be defined as **Yes**. If not, it is required to keep it as **No**.

2.7.3.1 Special remarks on tax return XML output, with relation to XML tags for declarations.

If DEC5 is set to **Yes**, tax report is generated as a Nil Return, and no subcontractor payments should be fetched. Therefore, no values should fetch to <TotalPayments> , <CostOfMaterials> and <TotalDeducted> tags in XML (In <Subcontractor> block). Hence, the tags would not be fetched to XML.

If DEC5 is set to **Yes**, XML block for Nil Return should fetch replacing the <Subcontractor> block, above the < Declarations> block (refer the below screenshot).

If DEC5 is set to **Yes**, only the Information Correct tag should fetch (as per below screenshot)

```
<NilReturn>yes</NilReturn>
<Declarations>
    <InformationCorrect>yes</InformationCorrect>
</Declarations>
```

If DEC5 is set to **No**, all the other tags should appear with any of the values it is defined with.

```
<Declarations>
    <EmploymentStatus>yes</EmploymentStatus>
    <Verification>yes</Verification>
    <InformationCorrect>yes</InformationCorrect>
    <Inactivity>yes</Inactivity>
</Declarations>
```

2.7.3.2 Validations – Information Fields

In order to prevent the user from defining inaccurate data string value setup in Information Fields as explained above (if one or more mandatory fields stay Null, or/and if the fields are defined with incorrect values), below error message has been given.

"Incorrect declaration values in Information Fields."

2.7.4 ACKNOWLEDGE THE PROPOSAL

Use generic functionality to acknowledge the tax proposal by using the context menu option.

2.7.5 TRANSFER TO TAX AUTHORITY

After acknowledgement, transfer the Tax Proposal to UK Tax Authority through the **Transfer to Tax Authority** command, in order to obtain the response after a correct submission.
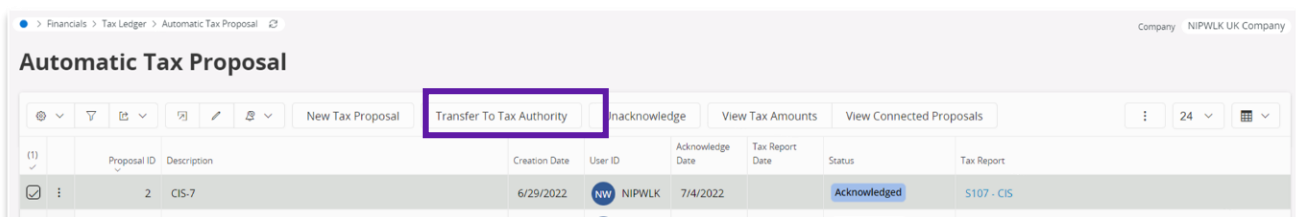
Three columns have been introduced as **Incoming Load File ID**,**Transfer Status** and also used the existing **Error** column in *Automatic Tax Proposal* page to handle information related to HMRC Integration.

Incoming Load File ID - This is the ID of the file which contains the content of the response received from UK Tax Authority. This File ID is directed to the relevant External File Transaction to view relevant response details.

Transfer Status – This field shows the status of the file which has been transferred to Tax Authority. This can be **Error**, **Pending Response**, **Accepted**, **Rejected** based on the status after integration with tax authority.

Error – This field shows the detailed description of the error, if there is any.

An illustration on how the response statuses work, after integration with Tax Authority is given below.
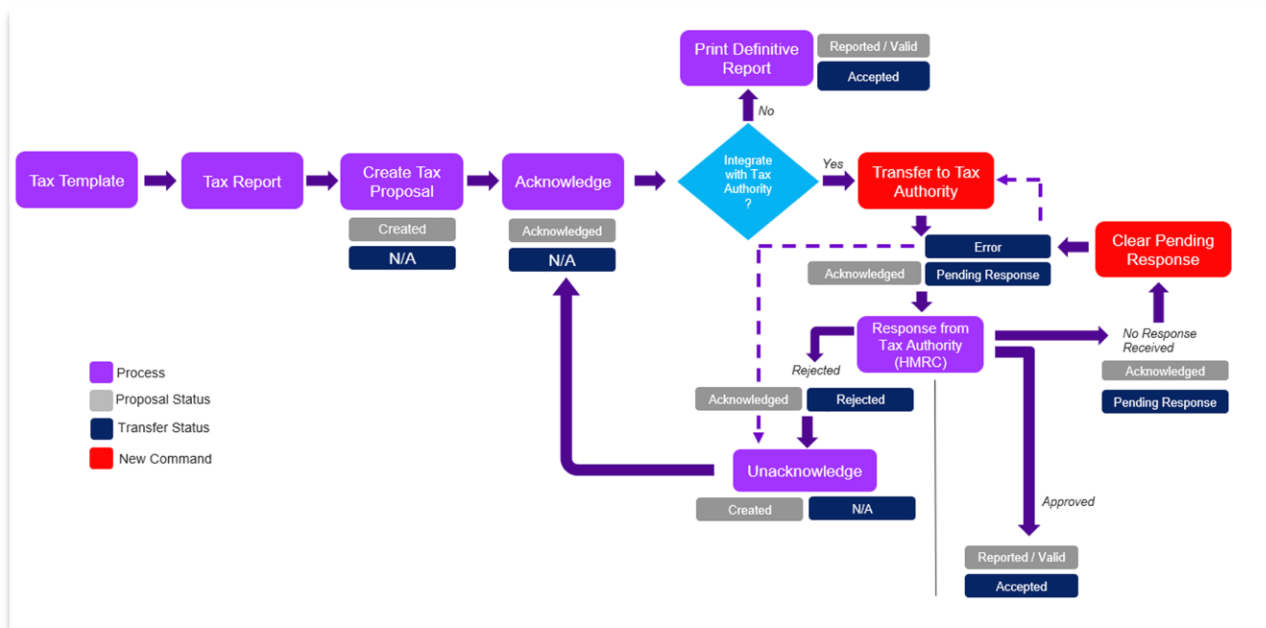
As per IFS generic functionality, tax report will be created using the CIS template, and the tax proposal will be created, and acknowledged (As previously discussed in Chapter 2.7). Similar to the generic functionality, proposal **Status** will be **Acknowledged**.

After that, if the report is supposed to have an integration with the tax authority, **Transfer to Tax Authority** command will be enabled for such tax proposals (Example : UK CIS Reporting).

Upon executing the command, while **Status** remains in **Acknowledged** status, value in **Transfer Status** column will be changed to either **Error** or **Pending Response**. If an error occurs in integration from IFS perspective due to incorrect setup (Ex: Incorrect routing rule configuration), **Transfer Status** will be set to **Error,** and the Error column will be updated with the error description. A proposal in **Error** state can be transferred to tax authority again by unacknowledging, and doing necessary changes and re-acknowledging.

Further, until the integration with UK HMRC is completed, **Transfer Status** will stay in **Pending Response.** If the **Transfer Status** stays on **Pending Response** after transferring, as a result of not receiving the response from HMRC within a reasonable time, user could set the **Transfer Status** value to **Error** via command **Clear Pending Response**. Subsequently, user is able to transfer the proposal to HMRC again (With any change or without).

fUpon receiving the response from tax authority, **Transfer Status** can be either **Rejected** or **Accepted**.

At **Rejected** state, Proposal **Status** will remain at **Acknowledged**, and user can transfer it to tax authority again by unacknowledging, and doing necessary changes and re-acknowledging.

At Accepted state, Proposal Status will change to **Reported/Valid**.

If the proposal is not supposed to have an integration with a respective tax authority, it is possible to execute the command **Print Definitive Report** after acknowledging, as per the generic functionality (but this is not applicable for CIS reporting since it will be always integrated with HMRC).

Therefore, in CIS perspective, generic commands **Print Preliminary Report** and **Print Definitive Report** are disabled in **Automatic Tax Proposal** page.

After the response is received from UK HMRC, columns **Incoming Load File ID** and **Transfer Status** will be updated with the relevant Load File ID and status of the sent file respectively.

Details of the response can be accessed via *External File Transactions* page, navigating through the link via **Load File ID**.

Refer chapter 2.5.2.3 for the details on architecture of the integration.

Note : No XML outputs have been provided for HMRC Response or Acknowledgement (during integration). However, if an output is required, that can be configured to a FTP.

2.7.5.1   Validations and Information Messages – Transfer to Tax Authority

In order to prevent transferring empty tax proposals to tax authority, below error message has been given.

"Cannot transfer empty proposal (P1)."

Note : Error Message should only pop up when there are no transactions available in transaction details, and when the declaration value for NIL Return is set to **No** (Declaration 5 in IFS Solution).

When a user executes **Clear Pending Response** in order to change the **Transfer Status** from **Pending Response** to **Error**, following information message will be given.

"This will set the Transfer Status to Error. Do you want to continue?"

When a user submits a tax proposal to the live server through **Transfer to Tax Authority** command, following information message will be given.

"This will complete a live submission. Do you want to continue?"

2.7.5.2   Handle Test Data - Transfer to Tax Authority

Refer chapter 2.10 on test data for the detailed information on transferring data to test server.

2.7.6   SUBCONTRACTOR PAYMENT AND DEDUCTION STATEMENT

This report is required to be sent to subcontractors monthly, to detail the invoices paid during each period and the amount of Withholding tax that has been deducted.

As a prerequisite, tax proposal should be created for the relevant period, in **Automatic Tax Proposal** page.

Navitage to *Reporting/Order Report* page and query for report name **Subcontractor Payment and Deduction Statement**.

Click **Order Report** command
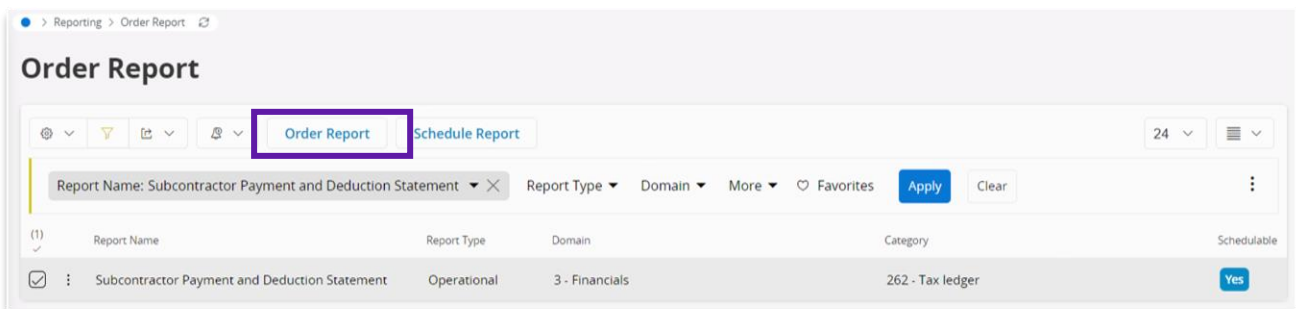
In Order Report - Subcontractor Payment and Deduction Statement assistant, fill the details as appropriate.

In field **Company**, add the company which you require to generate the statement for.

In field **Identity**, add the supplier which you wish to have the statement for (or it is possible to keep it as %).

In field **Proposal ID**, enter the ID of the proposal which should be based for the statement to generate (or it is possible to keep it as %).
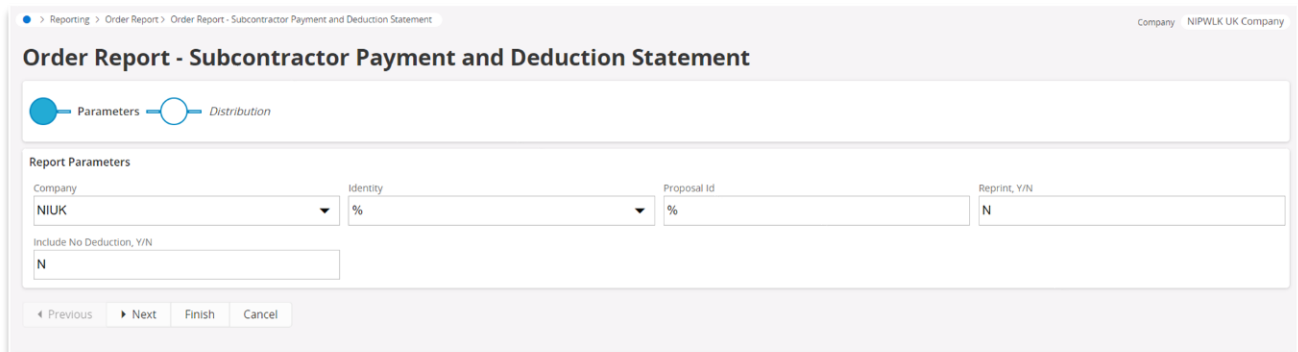
In field **Reprint**, Enter Y or N (Yes or No) accordingly get the value **Duplicate** for Reprint tag of the xml data of the report (can be reached via Print Manager or Report Archive). Note: This will not be printed on the report.

```
- <SUB_CONTRACTOR_PAY_DED_REP xmlns:xsi="http://www.w3.org/2001/XMLSchema">
    <REPRINT>DUPLICATE</REPRINT>
    <UNIQUE_TAX_REFERENCE_COMP xsi:nil="1"/>
    <TAX_ID xsi:nil="1"/>
```

In field **Include No Deduction**, Enter **Y** in order to fetch data when the sum of the tax amount for a suppler is zero, or not. Enter **N** in order to fetch data only when the sum of the tax amount for a supplier is not equal to zero.

Below is the output created for Subcontractor Payment and Deduction Statement. This can be accessed via report archive.

This report will be seperately generated for each supplier Unique Taxpayer Reference, for the given period.

2.8 CIS Cross Application Solution - Subcontract Management
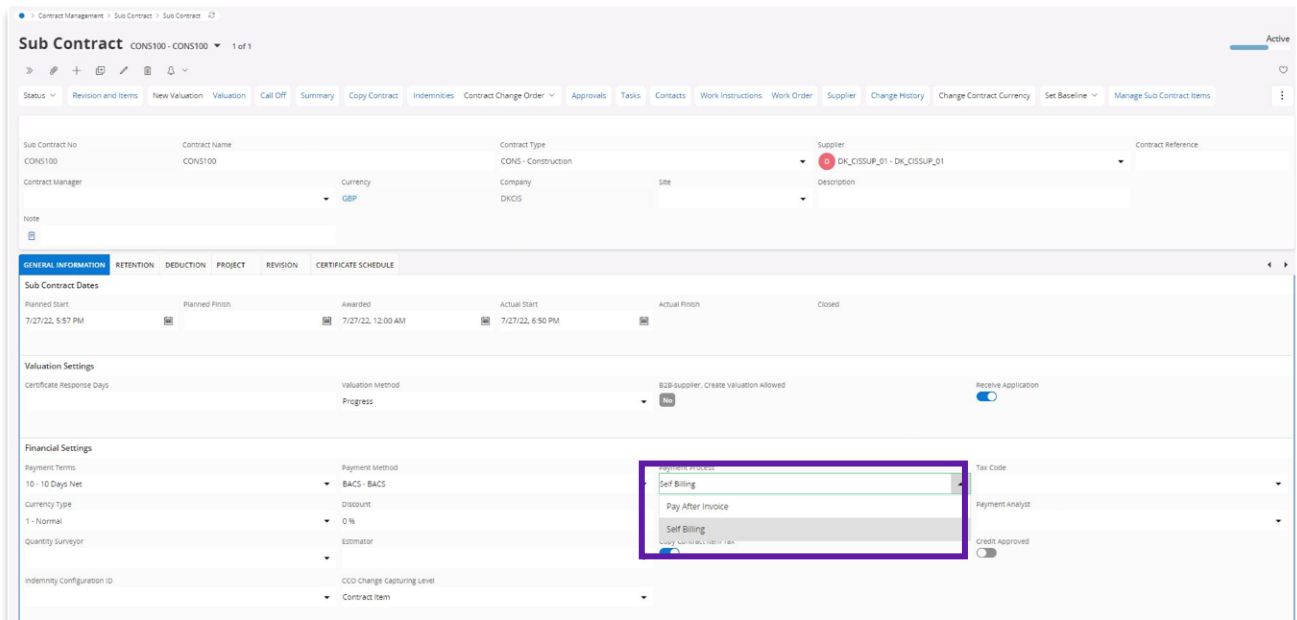
CIS is supported in Sub Contract Management and Sub contract Valuation flows.

It is possible to define the Supplier Income Type ID in the sub contract *Revision and Items*.

The sub contract payment process can be **Self Billing** or **Pay After Invoice**.

When a valuation is created the Supplier Income Type ID defined in contract revision items are copied to the valuation items, and Tax Withholding Rates are fetched to the valuation items considering the Supplier Income Type and the latest supplier CIS set up.

When the valuation is in **Planned** or **Application Received** status, the Supplier Income Type can be modified in the valuation items and this will refetch the Tax Withholding Rates.

The command **Refresh Contract Details** fetch the latest information from the contract to the valuation when the valuation is in **Planned** status. This will copy the latest Supplier Income Type IDs defined in the contract items to the valuation items and the Tax withholding Rates will be refetched considering the new Supplier Income Types and the latest supplier CIS set up.

The command **Refresh Tax Withholding** fetch the latest Tax withholding Rates to the valuation items when the valuation is in **Planned** status or **Application Received** status, considering the Supplier Income Type and the latest supplier CIS set up.

When the application values and certifed values are entered in the valuation items, the Applied and Certified Tax Withholding amounts are calculated.

Valuation Summary is also updated with the withholding tax amounts.

When Supplier Income Types are defined for all valuation items, and valuation successfully certified, a self billing supplier invoice is created.

The Withholding Tax lines are created for each invoice line.

2.8.1.1 Validations and Information Messages – Sub Contract Management

When the supplier has CIS set up and the sub contract payment process is self billing, on awarding the contract a warning message is given, if there are contract items without Supplier Income Type ID defined.

"There exists contract items with Supplier Income Type ID not defined. Supplier Income Type must have a value when certifying self billing valuations when supplier has CIS set up."
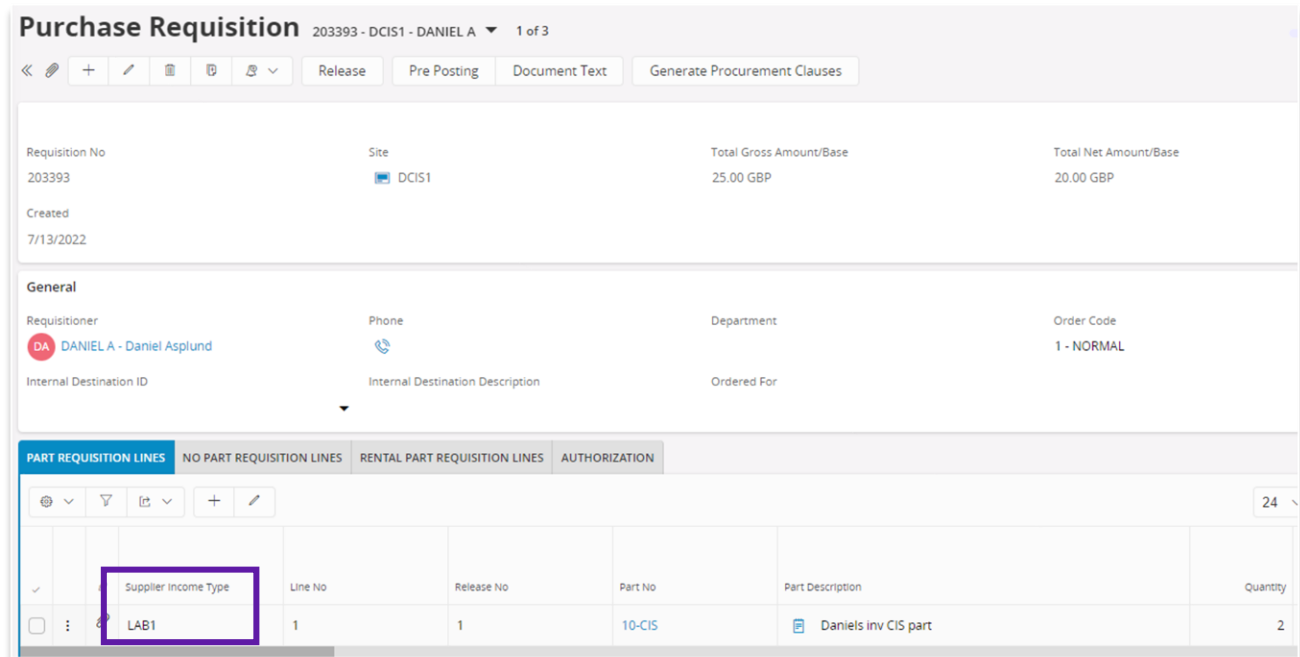
When the supplier has CIS set up and the sub contract payment process is self billing, on **Start Certificate Approval** of a valuation an error message is given, if there are valuation items without Supplier Income Type defined.

"Valuation items must have a Supplier Income Type defined since Sub Contract Payment Process for the valuation is Self Billing and supplier has CIS set up."

2.9   CIS Cross Application Solution – Purchase Requisitions and Orders

2.9.1   PURCHASE REQUISITION AND PURCHASE ORDER FLOW – SELF-BILLING INVOICE

New colums for supplier income type has been added to part lines tab and no part lines tab in purchase requisition and purchase order. For part lines, default supplier income type from supplier for purchase part record will be used as default value. For no part lines, supplier income type needs to be added manually for CIS suppliers using self-billing invoice.

Supplier income type will be inherited to the purchase order from the purchase requisition.

New validation has been introduced at release of purchase order, to ensure that supplier income type exists on all purchase order lines for self-billing suppliers with unique tax payer reference. However it will be possible to change supplier income type after release to support purchase order change order process and creation of lines after release of purchase order.

2.9.2 REGISTER ARRIVALS AND MANUAL INCOMING DISPATCH ADVICE – SELF-BILLING INVOICE

New colums for supplier income type has been added to register arrivals, incoming dispatch advice, receive and receive with serial/lots assistant. This is to support the user to select the correct records, only one income type per receipt for self-billing enabled suppliers, when doing receipt.

New validation has been introduced at receipt of purchase order lines, to ensure that supplier income type exists on all purchase order lines for self-billing suppliers with unique tax payer reference.

Register Arrivals

		Supplier Income Type	Source Ref 1	Source Ref 2	Source Ref 3	Source Ref 4	Source Ref Type	Status	Rental	Qty to Receive
☐	⋮ ✎		P100819	1	1		Purchase Order	Released	No	1
☐	⋮ ✎	LAB1	P100819	1	2		Purchase Order	Released	No	1
☐	⋮ ✎	MAT	P100819	2	1		Purchase Order	Released	No	2
☐	⋮ ✎	LAB	P100819	3	1		Purchase Order	Released	No	1
☐	⋮ ✎		P100819	4	1		Purchase Order	Released	No	1

Once a self-billing invoice is created from either register arrivals or a manual incoming dispatch advice for a purchase order line using sef-billing invoice and a valid CIS supplier, the CIS logic will be used to retreive correct tax withholding tax codes. i.e the generic logic will not be used, instead correct tax codes will be retrived to the supplier invoice based on supplier income type on purchase order line, CIS logic and supplier status.

2.9.2.1   Validations and Information Messages – Purchase Requisitions and Orders

When releasing a PO header, if any self-billing enabled PO lines which are connected to CIS invoicing supplier have null Income types, an error message will be given as follows.

"Purchase order cannot be released as Supplier Income Type is needed for Self-Billing purchase order lines where supplier is defined as a CIS supplier"

After releasing the PO header if a user adds a self-billing enabled line with null income type or removes the income type, while receiving that PO line, an error message is given as follows.

"Supplier income type is needed for self-billing purchase order line P1900-1-1 where supplier is defined as a CIS supplier."

2.10 Handle Test Data

If a testing is done using verification test scenarios provided by HMRC, integration should be done through a test server.In order to perform such a procedure, a custom command has to be introduced in order to transfer data to HMRC test server, and transfer to tax authority to perform HMRC Integration. This procedure is required in *CIS Verification Proposal* and *Automatic Tax Proposal* functionalities (Explained in detail in Chapters 2.5.2 and 2.7.5 respectively).

Step by step guideline to setup a custom command is given below.

Custom Command for Tax Proposal

1. Open **Page Designer**
2. Expand **All Elements**
3. Expand **Tax Proposal** List inside **Lists**
4. Select the add new (+ sign) of **Commandgroups**
5. Choose type of item as **ExecuteAction** and setup the following,

> Label   : An appropriate label to identify the command (eg: Test Transfer)
> Action   : TransferToTaxAuthority
> Method : Action

Parameter Mapping:

Parameter	Context Value
Company	${Company}
ProposalId	${ProposalId}
BaseTemplateId	${BaseTemplateId}
EndPoint	HMRC_TEST

6. **Save** changes
7. **Publish** the custom command

Custom Command for CIS Verification Proposal

1. Open **Page Designer**
2. Expand **All Elements**
3. Expand **Verification Proposals List** inside **Lists**
4. Select the add new (+ sign) of **Commandgroups**
5. Choose type of item as **ExecuteAction** and setup the following,

> Label   : An appropriate label to identify the command (eg: Test Transfer)
> Action   : TransferProposal
> Method : Action

Parameter Mapping:

Parameter	Context Value
Company	${Company}
ProposalId	${ProposalId}
EndPoint	HMRC_TEST

6. **Save** changes
7. **Publish** the custom command

2.11 Upgrade Handling

As CIS Reporting is a new functionality for IFS Cloud 22R2, no specific upgrade handling has been done for the customers migrating from previous IFS versions through CIS development. The respective upgrades should be handled by the implementation team.

However, following database changes have been done and would be helpful when handling the upgrades.

INVOIC

Below columns have been added for the respective tables.

Identity_invoice_info_tab table - cis_reference_id, supplie_utr

tax_withhold_per_identity_tab table - Internal_Income_type, cis_status

TAXLED

Below columns have been added for the respective tables and views.

tax_proposal_item_tab Table - cis_reference_id

Tax_Proposal_Item_2 View - cis_reference_id, unique_tax_reference, verification_number

tax_proposal_tab table - transfer_status, correlation_id and incoming_load_file_id

tax_report_info_tab - cis_reporting, account_office, user_name, password, legal_id_addr_id

PAYLED

No changes are done.

2.12 **Useful Links**

The test suppliers are found in the HMRC verification document and need to be set up in IFS to enable testing. These can only be sent on a test submission (Via a custom command). Information can be found on the National Archive UK Government Web Archive:

https://webarchive.nationalarchives.gov.uk/ukgwa/*/http:/www.hmrc.gov.uk/ebu/scenario-docs-verification.pdf

Schema and technical specifications for Construction Industry Scheme developments can be accessed below.

https://www.gov.uk/government/publications/construction-industry-scheme-schema-and-technical-specifications

Technical documentation for IFS with regards to CIS Reporting can be accessed via below link.

http://techdocs/