



Country Solution UK

IFSCLOUD25R2

Table of Contents

1	Company Set-up	2
2	Construction Industry Scheme (CIS) Reporting.....	3

1 Company Set-up

1.1 Overview

It is recommended to create the company using the STD-UK template to get some of the default basic data set-up.

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

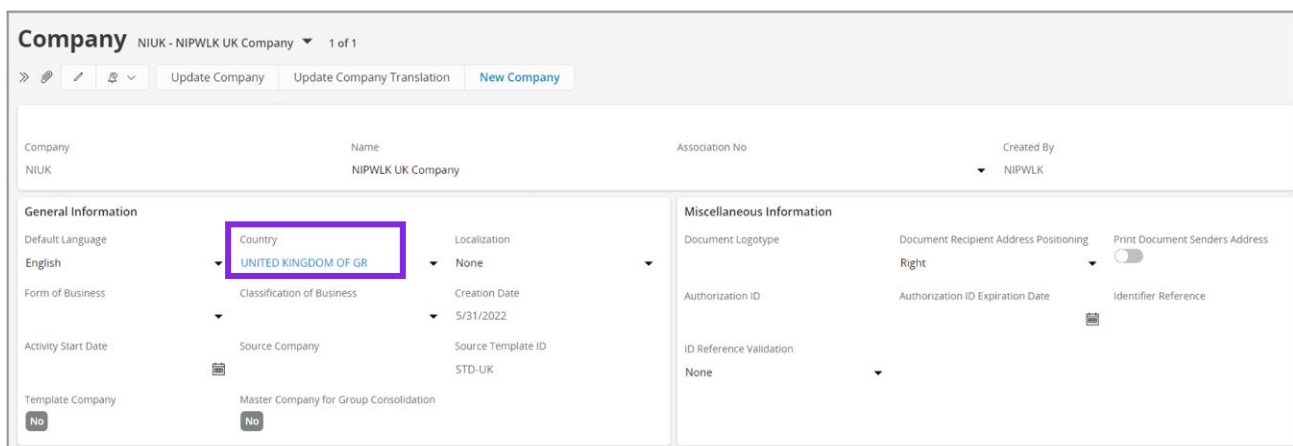
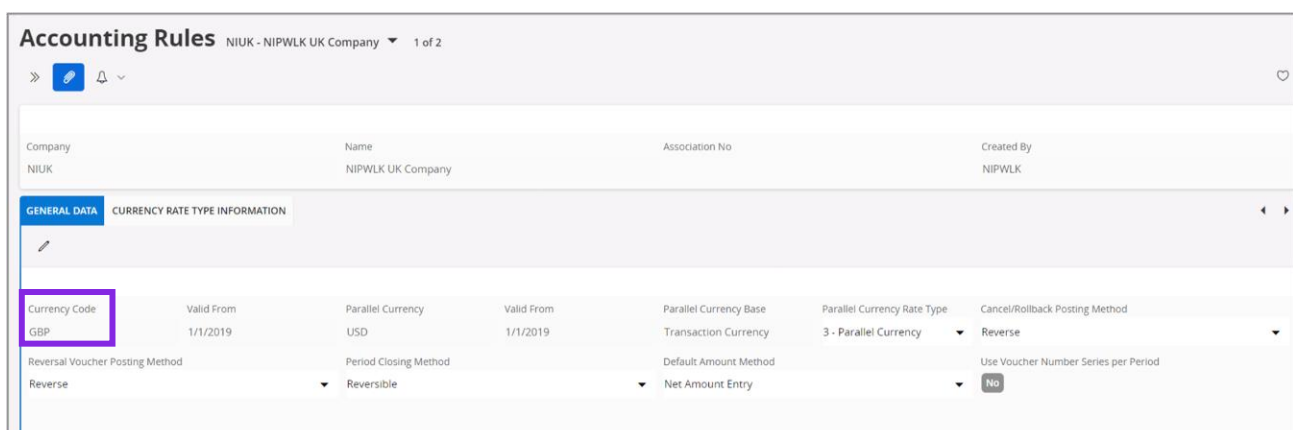
1.2 Define Country and Accounting Currency

This is not a mandatory setup for the 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, the below setup is suggested.

Note: You have to define your own Income Types if the Country Code and the Accounting Currency are different from 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 the company setup, set the accounting currency as GBP.

2 Construction Industry Scheme (CIS) Reporting

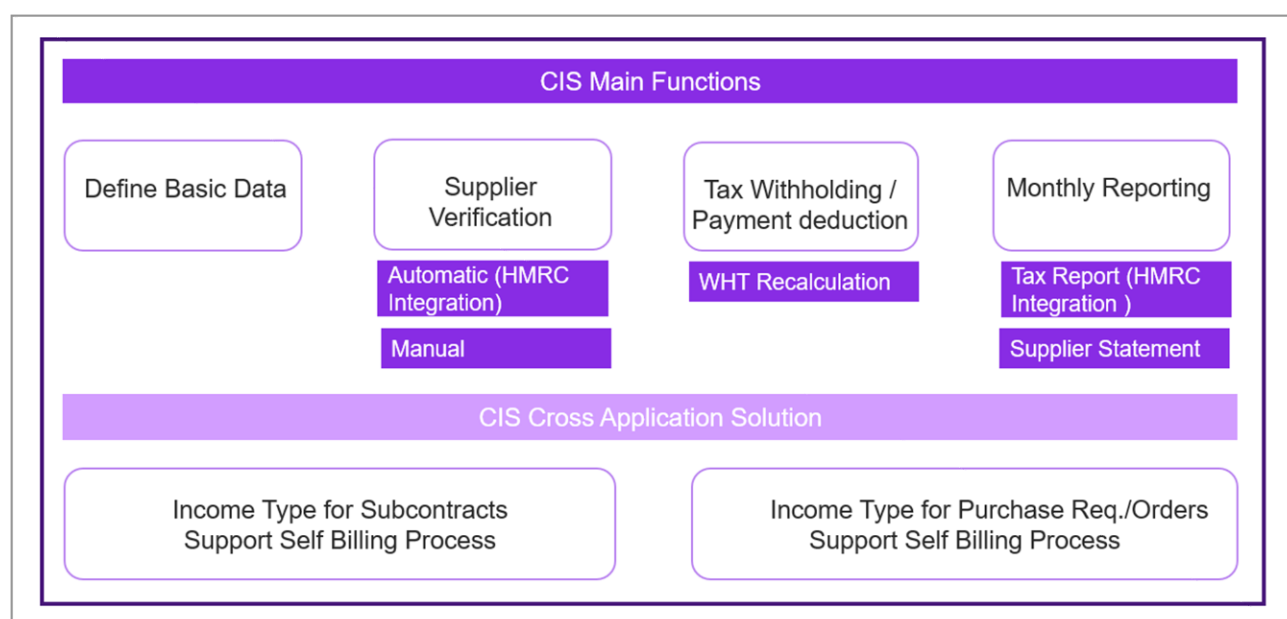
2.1 Overview of Legal Requirement

This scheme sets out the rules for how payments to subcontractors for construction work must be handled by contractors in the 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, 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 the 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 to the UK, for which a modification in IFS exists for the 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



The Construction Industry Scheme solution consists of a set of main functions across Financials and cross-application solutions to support the self-billing process in Subcontract management, Subcontract 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 in **Revision and Items** in Subcontract Management and Valuation flows, and also in **Supplier** and **Supplier for Purchase Part** in Purchase Requisition and Order flows.

Refer to 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 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 the payment level, withholding tax will be posted, and invoices might be subjected to recalculation process upon having the amount of tax to be withheld for the supplier changed at the 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

After updating GL vouchers and fetching tax transactions to the ledger, CIS monthly reporting is done.

Two types of reports have been supported for the 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 the tax authority monthly, and the tax template will support automatic integration with HMRC and XML file format.

Refer to 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 to Chapter [2.7](#) for detailed information on functionality.

2.2.5 CIS CROSS APPLICATION SOLUTIONS - SUB-CONTRACT MANAGEMENT

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

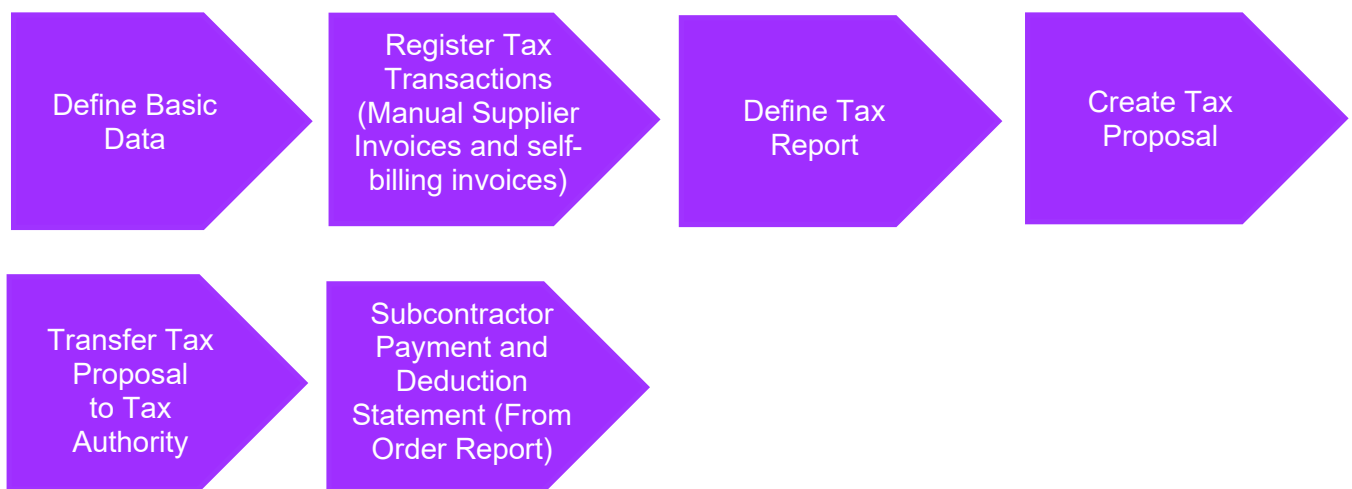
Refer to Chapter [2.8](#) for detailed information on functionality.

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 to Chapter [2.9](#) for detailed information on functionality.

2.3 Process Overview

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



2.4 Prerequisites

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

2.5 Define Basic Data

2.5.1 DEFINE INCOME TYPE

Supplier income types that are used in the United Kingdom for CIS reporting must be defined on the **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**. Users can define more income types as per the requirement and can be connected to basic supplier data (**Enterprise/Supplier/Invoice/Supplier Tax Withholding/Income Type Details**) in order to utilize CIS Tax reporting accordingly.

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

Income Type Details									
⚙ ▼ 🔍 📄 + ✎ 24 ▼ ☰ ▼									
✓	Country ID	Income Type	Description	1099 Threshold Currency	1099 Threshold Amount	Report Code	Tax Withholding Code	Cf Mandate1	Cf Mandate3
☐	GB	LAB	Labour	GBP	0.00		Optional		
☐	GB	MAT	Material	GBP	0.00		Optional		
☐	GB	OOS	Out of Scope	GBP	0.00		Optional		

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

2.5.2 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 the **Accounting Rules/Tax/Tax Codes** page (as given in the screenshot 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

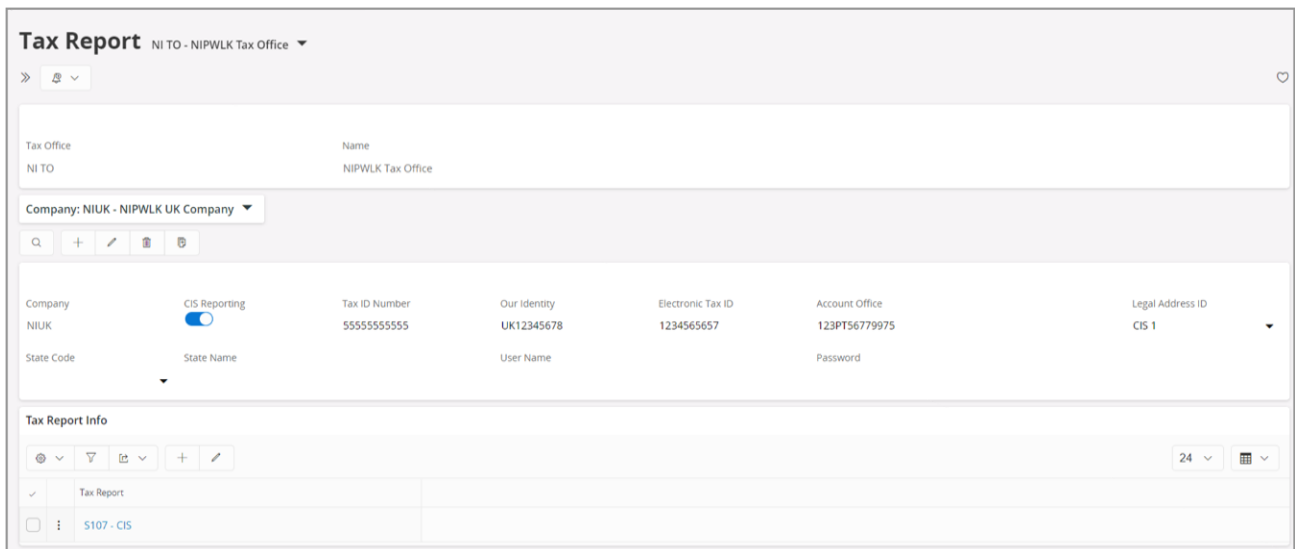
Tax Codes									
⚙ ▼ 🔍 📄 + ✎									
✓	Tax Code	Description	Tax Type	Tax (%)	Deductible (%)	Valid From	Valid To	Tax Method Tax Received	Tax Method Tax Disbursed
☐	CIS0	CIS Gross Payment	Tax Withhold	0	100	1/1/2019	12/31/2049	Payment	Payment
☐	CIS20	CIS Tax Withheld at 20%	Tax Withhold	20	100	1/1/2019	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

2.5.3 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 that 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 is required when transferring files to tax authority via a system-to-system integration.

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



Tax Report NI TO - NIPWLK Tax Office

Tax Office: NI TO, Name: NIPWLK Tax Office

Company: NIUK - NIPWLK UK Company

CIS Reporting: ☒

Tax ID Number: 5555555555

Our Identity: UK12345678

Electronic Tax ID: 1234565657

Account Office: 123PT56779975

Legal Address ID: CIS 1

State Code, State Name, User Name, Password

Tax Report Info

✓	Tax Report
☐	S107 - CIS

2.5.4 VALIDATIONS AND INFORMATION MESSAGES – TAX OFFICE

A few validations have been implemented in the **Tax Office/Tax Report** page in order to ensure the correct setup of basic data and its accurate formatting.

Incorrect format in Account Office and Electronic Tax ID

When saving a record, if the **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 whitespaces should be removed.

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

If this format is not satisfied, the 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 ways where the user defines records in general and sets the Tax Office to CIS (by enabling the option **CIS Reporting**), or the user first sets the Tax Office to CIS and enters the records in the incorrect format.

Replace Tax Office for CIS Reporting

In IFS, the Tax Office is company-specific, so there is a possibility to define the 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, the 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 be updated by checking for existing records in the database for the 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."

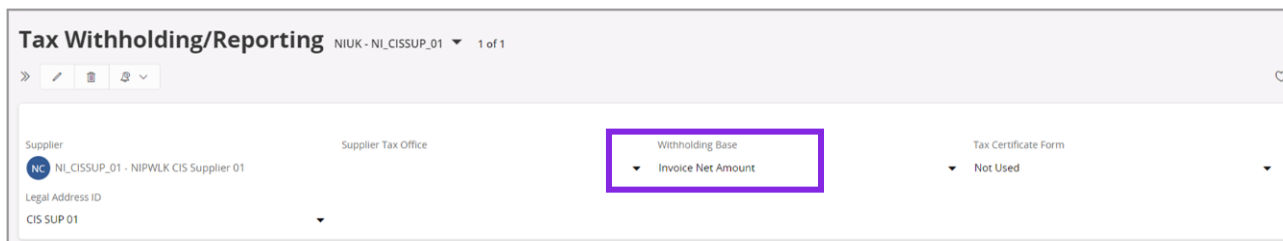
Prevent defining an Electronic Tax ID in a company when the same is connected to a different company to which the user does not have access.

The 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."

2.5.5 SUPPLIER LEVEL BASIC DATA – TAX WITHHOLDING BASE

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



Tax Withholding/Reporting NIUK - NI_CISSUP_01 1 of 1

Supplier: NI_CISSUP_01 - NIPWLK CIS Supplier 01

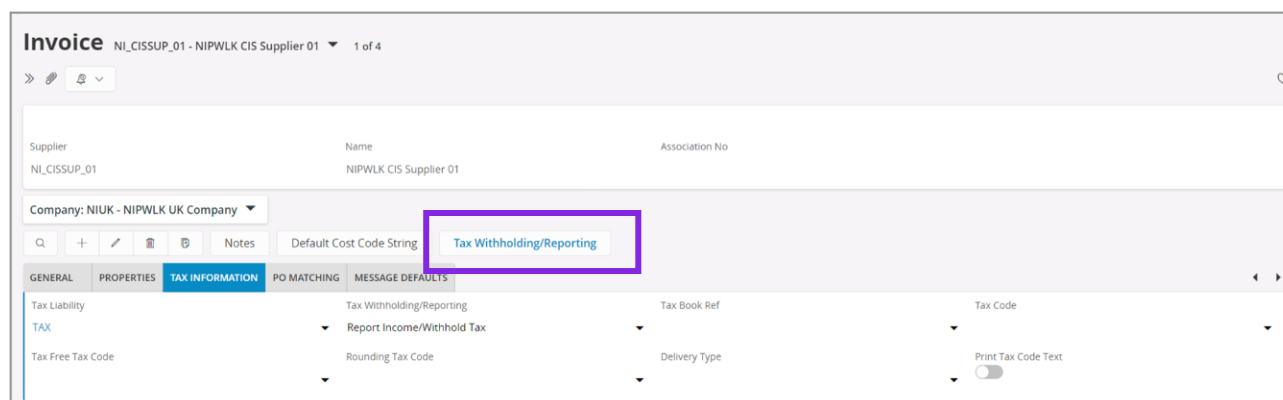
Supplier Tax Office

Withholding Base: Invoice Net Amount

Tax Certificate Form: Not Used

Legal Address ID: CIS SUP 01

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



Invoice NI_CISSUP_01 - NIPWLK CIS Supplier 01 1 of 4

Supplier: NI_CISSUP_01

Name: NIPWLK CIS Supplier 01

Association No

Company: NIUK - NIPWLK UK Company

Default Cost Code String

Tax Withholding/Reporting

GENERAL PROPERTIES TAX INFORMATION PO MATCHING MESSAGE DEFAULTS

Tax Liability: TAX

Tax Free Tax Code

Tax Withholding/Reporting: Report Income/Withhold Tax

Tax Book Ref

Tax Code

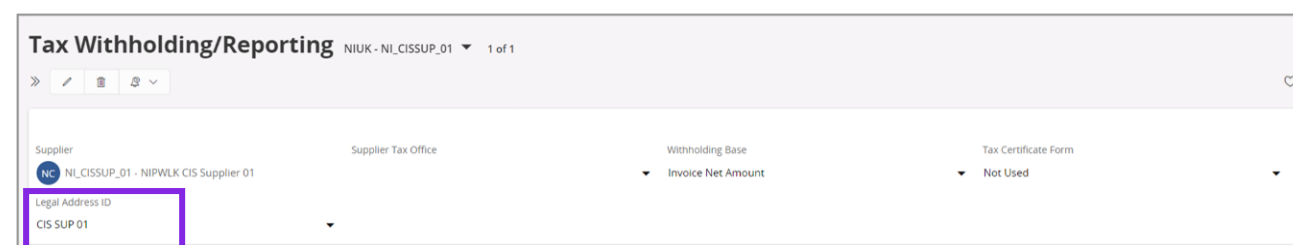
Delivery Type

Print Tax Code Text: ☐

2.5.6 SUPPLIER LEVEL BASIC DATA – CONNECT ADDRESS ID FOR SUPPLIER

The address that is to be used for the purpose of CIS reporting must be defined in the **Legal Address ID** field. Defined addresses for the supplier in the **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.



Tax Withholding/Reporting NIUK - NI_CISSUP_01 1 of 1

Supplier: NI_CISSUP_01 - NIPWLK CIS Supplier 01

Supplier Tax Office

Withholding Base: Invoice Net Amount

Tax Certificate Form: Not Used

Legal Address ID: CIS SUP 01

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

Enter the Unique Taxpayer Reference for the supplier in the **Unique Taxpayer Reference (UTR)** field in **the 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 the list of values.

UK Specific CIS Reporting Unique Taxpayer Reference (UTR) 3455644444	US Specific 1099 Reporting Legal Identity Name Legal Identity ☐ 2nd TIN Notificati... ☐
---	--

Validations and Information Messages – Unique Taxpayer Reference

A few validations have been implemented in the **UK Specific CIS Reporting** group on the **Tax Withholding/Reporting** page in order to ensure the correct setup of basic data.

Incomplete data in Tax Office

When the 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), the following error message will be given.

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

Note: This error message pops up at the **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 the Post Preliminary Tax Withholding option stays enabled in the **Company/Tax Control/Invoice** sub-tab when the user attempts to define CIS basic data at the supplier level, starting from Unique Taxpayer Reference (UTR), the 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 pops up at the CIS Basic Data group level in an instance of not having a Unique Taxpayer Reference (UTR) for the supplier.

The incorrect format in the Unique Taxpayer Reference (UTR)

The Unique Taxpayer Reference (UTR) should have numeric characters with a length of 10 characters. Upon not fulfilling the correct format criteria, the 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 on 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 on the page will be refreshed to 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, the 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.

2.5.8 SUPPLIER LEVEL BASIC DATA – CIS BASIC DATA

CIS Supplier

Define CIS-specific basic data in the **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 assigns a UTR (Existing record) through the list of values for a supplier.

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

CIS Basic Data			
Registered Trading Name	First Name	Middle Name	Last Name
	John		Smith
NINO	Action Indicator	Company Registration Number	Business Type
YW00003A	Match		Company
Partnership Name	Partnership UTR	Exclude From Verification	
		☐	

- **Registered Trading Name** - The 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 verified or matched 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 the Business Type is **Partnership**.
- **Partnership UTR** - This is required when the Business Type is **Partnership**.
- **Exclude from Verification** - If this option is enabled, this supplier will be excluded from the automatic supplier verification process for UK CIS Reporting.

2.5.9 VALIDATIONS AND INFORMATION MESSAGES – CIS BASIC DATA

In order to ensure correct data combinations are recorded in the CIS Basic Data group, the 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 the Action Indicator is **Match** and the Business Type is **Partnership**, then the **Partnership UTR** and **Partnership Name** are mandatory. If this is 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 the Action Indicator is **Match** and the 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 the Action Indicator is **Match** and the 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 a **First name** and **Surname** or a **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**, the **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.”

The **surname** must exist if the **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?”

2.5.10 SUPPLIER LEVEL BASIC DATA - CONNECT INCOME TYPES FOR SUPPLIER

Income types relevant to each supplier must be defined in the **Enterprise/ Supplier/ Invoice tab/ Tax Withholding Reporting** page. The **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.

Supplier Income Type						
⚙️ ▼ 🔍 📄 ▼ + ✎						
✓		Income Type	Default Income Type	1099 Threshold Currency	1099 Threshold Amount	Supplier 1099 Threshold Amount
☐	:	LAB1 - LAB1	Yes	GBP	0.00	
☐	:	MAT - Material	No	GBP	0.00	
☐	:	LAB2 - LAB2	No	GBP	0.00	
☐	:	OOS - Out of Scope	No	GBP	0.00	

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

New Manual Supplier Invoice

Header Information — Line Information — Posting Information

Invoice							
Company	Supplier	Series ID	Invoice No	Currency	Gross Amount	Net Amount	Tax Amount
NIUK	NI_CISSUP_01	SI	INV-1	GBP	1000.00	1000.00	0.00

Line Information			
Gross Amount	Net Amount	LAB1 (Supplier Income Type ID)	Non-deductible Tax Amount
1000.00	1000.00	LAB1 (Description)	0.00

Line ID	Delivery Type	Material	LAB2	OOS	Out of Scope	Tax Calculation Structure	Multiple Tax Lines	Tax (%)	Tax Method	Tax Received	Gross Amount	Net Amount	Tax Amount	Tax Amount in Accounting Currency	Tax Amount in Parallel Currency	Non-deductible Tax Amount	Cost Amount	Total Tax Amount
1			LAB1				No				1000.00	1000.00	0.00	0.00	0.00	0.00	1000.00	0.00

Previous Next Finish Cancel

2.5.11 SUPPLIER LEVEL BASIC DATA – DEFAULT TAX WITHHOLDING CODES

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

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

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

✓	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	

2.5.12 VALIDATIONS – DEFAULT TAX WITHHOLDING CODES

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

Entering CIS Basic Data prior to defining CIS-specific tax codes

The 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.

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

Therefore, the user should define correct CIS Basic Data (with or without a Unique Taxpayer Reference) in order to create the sequence in the table identity_invoice_info_tab, and then define Default Tax Withholding Codes. Upon not following the correct order, the 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 have the same CIS status with more than one tax code.

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

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

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

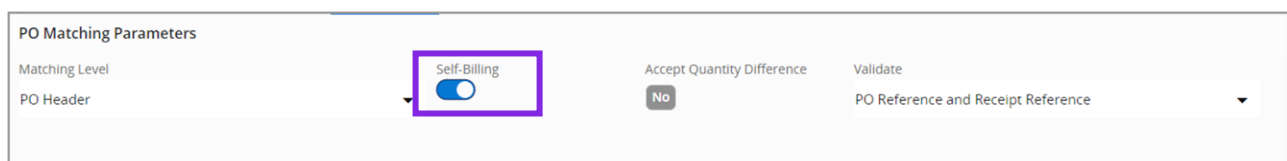
Restriction to not have Income type % for CIS-specific suppliers.

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

"The income type % is not allowed for a CIS Supplier."

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

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



The screenshot shows the 'PO Matching Parameters' form. It includes a 'Matching Level' dropdown set to 'PO Header', a 'Self-Billing' toggle switch that is turned on (highlighted with a red box), an 'Accept Quantity Difference' button set to 'No', and a 'Validate' button. Below these is a dropdown for 'PO Reference and Receipt Reference'.

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

A new part of basic data has been introduced to support CIS in purchasing flows using self-billing invoices. 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 the default supplier income type for parts entered on a purchase requisition or purchase order.

Supplier for Purchase Part

10-CIS - Daniels inv CIS part - DCIS1 - DACIS 1 ▾ 1 of 3

»

+

Create Customer

Create Sales Part

Supplier Warranty

Control Plan

Export Control

Emissions

Part

10-CIS - Daniels inv CIS part

Active

☒

Supplier

DACIS 1 - Daniels CIS Supplier

Document Text

No

Supplier Contact

Notes

GENERAL

INSPECTION INFO

PRICE LIST

RENTAL PRICE LIST

MANUFACTURERS

CONSIGNMENT

CHARGES

DELIVERY OVERHEADS

Part Parameters

Supplier's Part Information

Supplier's Part No

Supplier's Part Description

Supplier's GTIN

Supplier Income Type

LAB1

2.5.15 BASIC DATA - SUBCONTRACT MANAGEMENT

No specific setup is required with regard to Subcontract flow in CIS.

Please refer to Chapter [2.8](#) for detailed information on functionality.

2.6 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 the following chapters.

2.6.1 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 assigns a UTR (Existing record) through the list of values for the supplier.

CIS Verification Details					
⚙️ ▼ 🔍 📄 ▼ +					
✓	Verification Number	Verification Date	CIS Status	Valid From	Valid To
☐	: 8978777777777	6/28/2022	Net	6/1/2018	4/5/2021
☐	: 7866666666666	6/28/2022	Gross	4/6/2022	4/5/2025

2.6.2 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, the following messages have been implemented as warnings and errors.

Manual Verification

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

“Incorrect format in Verification Number.”

According to the solution in IFS, the 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 the date of the latest record, the valid to of the existing latest verification is 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, the below message will prevent entering such a record.

“This Verification Number with the same Verification Date already exists.”

Deleting Verification Results

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

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

2.6.3 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 Verification Details** in Supplier basic data.

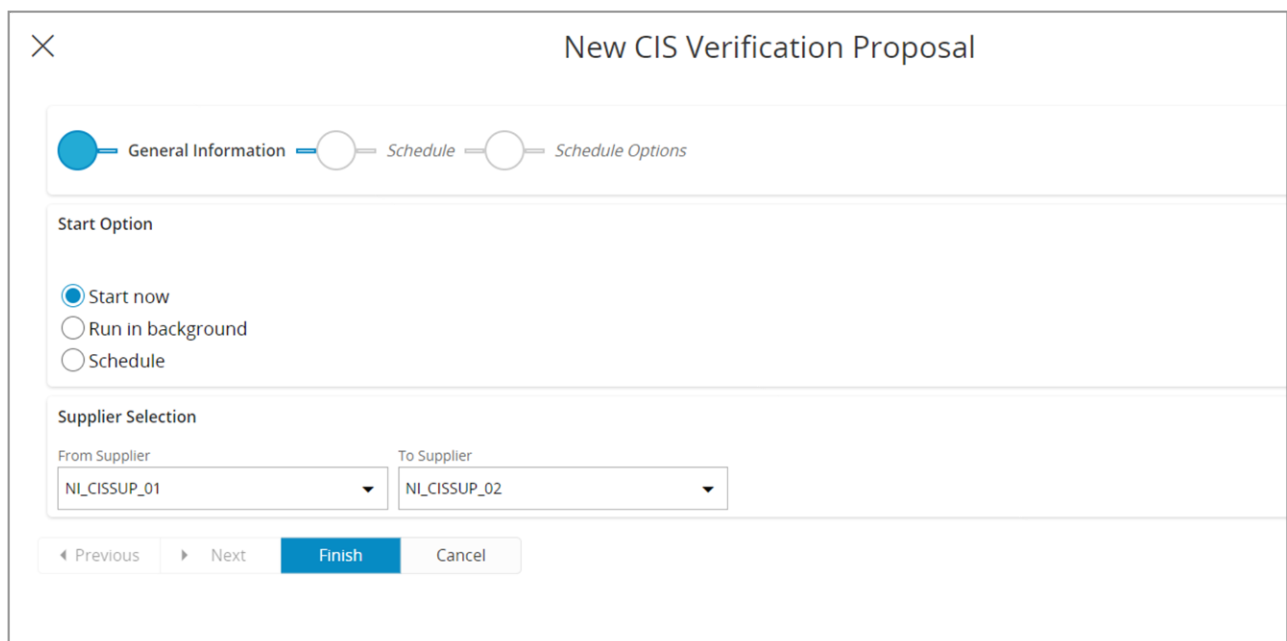
A new Page **CIS Verification Proposal** has been implemented to handle the functionality.

Navigate to **Financials/Supplier Invoice/CIS Reporting/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 the Unique Taxpayer Reference (UTR) field, upon requirement.

Financials > Supplier Invoice > CIS Verification Proposals > CIS Verification Proposal 12 1 of 1

Company: NIPWLK UK Company

Created

CIS Verification Proposal 12 1 of 1

Proposal ID: 12, Creation Date: 7/12/2022, User ID: NW NIPWLK, Incoming Load File ID, Outgoing Load File ID

Save Cancel New

Unique Taxpayer Reference (UTR)	Company Registration Number	NINO	Supplier ID	Business Type	Action Indicator	Registered Trading Name	First Name	Middle Name
5674545455 (Unique Taxpayer Reference(UTR))	e (Registered Trading Name)	(No value) (Company Registration Number)	(No value) (NINO)	(No value) (Business Type)				
8978979999	HLL	123	(No value)	(No value)				

Acknowledge the proposal and **Transfer**.

After the response from UK HMRC is received, the 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 to. The user will be directed to the relevant External File Transaction via the **Load ID**.

CIS Verification Proposals

Filter + New Proposal

✓	⋮	Proposal ID	Creation Date	User ID	Status	Incoming Load File ID	Outgoing Load File ID	Error
☐	⋮	39	7/14/2022	NW NIPWLK	Transferred	2048	2047	

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

CIS Verification Proposals

Filter + Details New Proposal Clear Pending Response

(1) ✓	⋮	Proposal ID	Creation Date	User ID	Status	Incoming Load File ID	Outgoing Load File ID	Error
☒	⋮	41	7/28/2022	JW JAMES	Pending Response		258	

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

2.6.4 VALIDATIONS AND INFORMATION MESSAGES – AUTOMATIC SUPPLIER VERIFICATION

In order to ensure the correct process is being followed, the following error messages have been implemented on the 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 canceled, the below error message will be given when a user attempts to create another verification proposal for a 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 transferred or canceled, the following error message is given to prevent the 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 transfer a verification proposal with no data included, the following error message is given to prevent the user from transferring the empty proposal.

“Cannot transfer empty proposal (P1).”

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

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

2.6.5 HANDLE TEST DATA - AUTOMATIC SUPPLIER VERIFICATION

Refer to chapter [2.10](#) on test data for detailed information on transferring data to the test server for testing purposes.

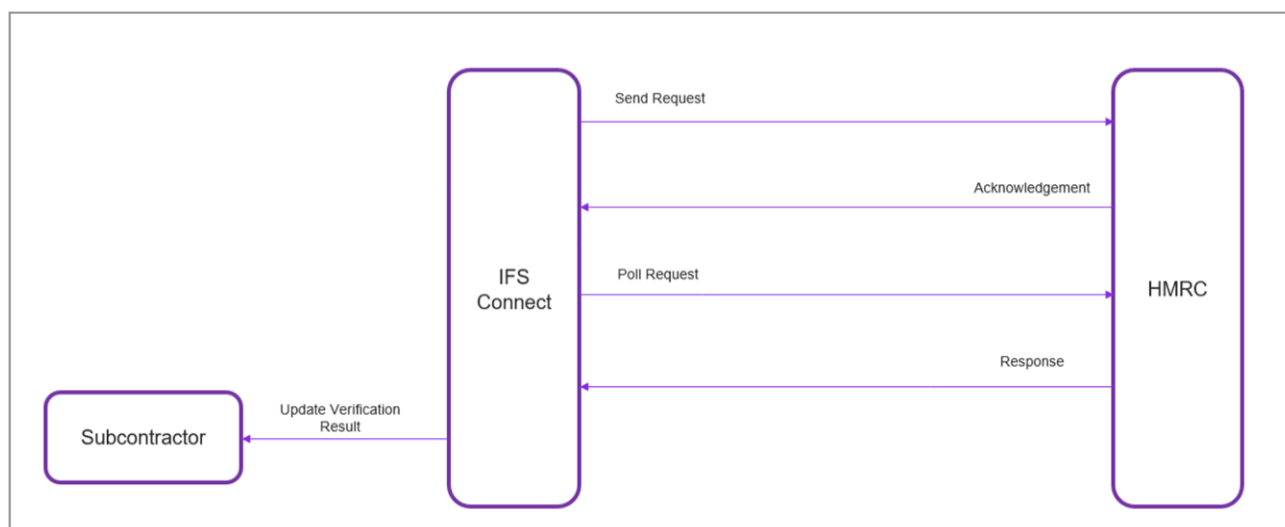
Refer to chapter [2.12](#) on useful links to obtain test supplier information provided by UK HMRC for test submissions.

2.6.6 ARCHITECTURE OF THE INTEGRATION

After creating and transferring the CIS Verification Proposal, the data (Request) will be sent to the UK Tax Authority (HMRC) through IFS Connect. From HMRC, IFS receives the acknowledgment 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 the CIS Verification proposal, supplier verification results will be updated accordingly in the supplier basic data on the **Tax Withholding/Reporting** page.



2.6.7 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, the 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 are similar.

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

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

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

2.7 Tax Withholding and Payment Deduction

In the 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 the payment date is explained.

2.7.1 ENTER MANUAL SUPPLIER INVOICES FOR CIS-SPECIFIC SUPPLIERS

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

New Manual Supplier Invoice

Header Information Line Information Posting Information

Invoice							
Company	Supplier	Series ID	Invoice No	Currency	Gross Amount	Net Amount	Tax Amount
NIUK	NI_CISSUP_01	SI	CIS-INV-1	GBP	1000.00	1000.00	0.00

Line Information				
Gross Amount	Net Amount	Tax Amount	Non-deductible Tax Amount	Cost Amount
1000.00	1000.00	0.00	0.00	1000.00

Lines															
(1)	Line ID	Delivery Type	Income Type Identity	Tax Code	Tax Calculation Structure	Multiple Tax Lines	Tax Method Tax Received	Gross Amount	Net Amount	Tax Amount	Tax Amount in Accounting Currency	Tax Amount in Parallel Currency	Non-deductible Tax Amount	Cost Amount	Total Tax Amount
☒	1		LAB1	0		No	0 Invoice	1000.00	1000.00	0.00	0.00	0.00	0.00	1000.00	0.00

Previous Next Finish Cancel

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

Tax Lines, Withholding

Supplier	Withholding Base	Series ID	Invoice No
NC NI_CISSUP_01 - NIPWLK CIS Supplier 01	Invoice Net Amount	SI	CIS-INV-1

Tax Curr Rate	Gross Amount	Net Amount
1	1000.00	1000.00

Line Details

	Tax Code	Tax Type	Withholding Base Amount	Tax %	Tax Amount	Tax Amount in Accounting Currency	Tax Amount in Parallel Currency	Use Withholding Amount Table	Report Code	State
☐	CIS30	Tax Withhold	1000.00	30	300.00	300.00	600.00	No		

OK Cancel

2.7.2 VALIDATIONS AND INFORMATION MESSAGES – ENTER MANUAL SUPPLIER INVOICES FOR CIS-SPECIFIC SUPPLIERS.

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

Upon not having an income type in 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 the supplier is defined for CIS.”

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

2.7.3 PAYMENT AND CREATE TAX TRANSACTIONS

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

2.7.4 VALIDATIONS AND INFORMATION MESSAGES – PROCESS PAYMENT

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

When a supplier, to whom an invoice is raised, does not have a valid verification at the payment date, the 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 the 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 selects 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 an 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, and parked payments have not been specifically handled for CIS.

2.7.5 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 to this requirement, the 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 from what was applicable at the time of registering the invoice, the invoice withholding tax line will be recalculated, and the said invoice will be updated too.

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

2.7.6 INFORMATION MESSAGES – WHT RECALCULATION

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

The information message ***“Tax Withholding of this invoice will be recalculated”*** is given in the 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.

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

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

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

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 a WHT amount of 32% to start with, typically, and after payroll calculations have been run, it’s amended at the payment manually.

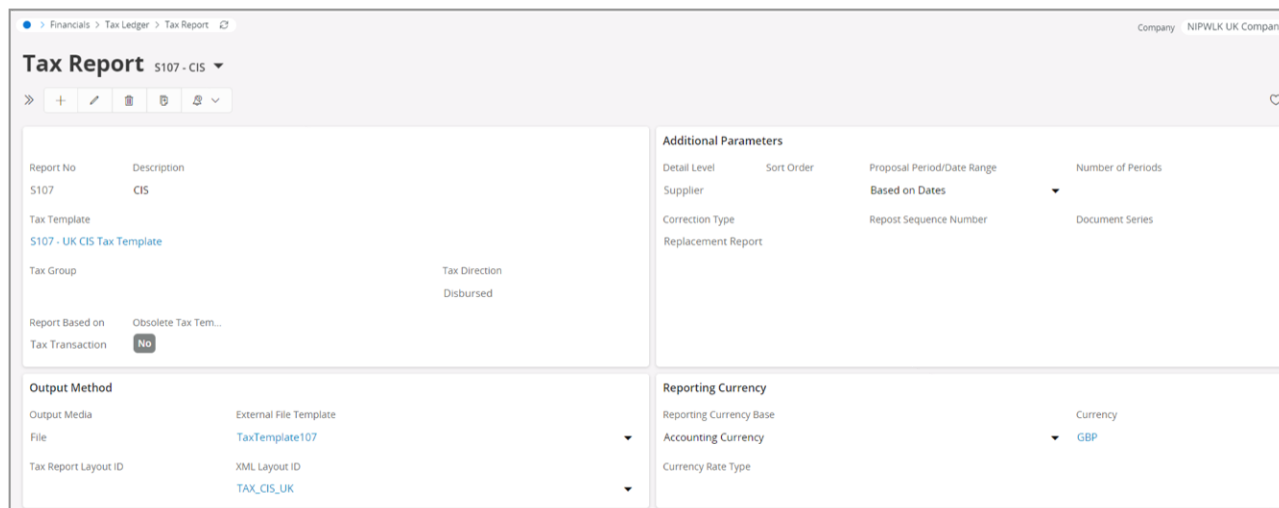
In IFS, this requirement is currently supported as a part of CIS functionality, based on a generic withholding tax solution. Therefore, if an invoice is registered for a CIS supplier (with a withholding tax line for a CIS-specific withholding tax code) together with another withholding tax line that is not created for a CIS-specific withholding tax code, that tax line will not be subjected to withholding tax recalculation.

2.8 CIS Monthly Reporting

The below chapters will explain how the tax reporting and supplier monthly statements are handled in IFS.

2.8.1 CREATE TAX REPORT

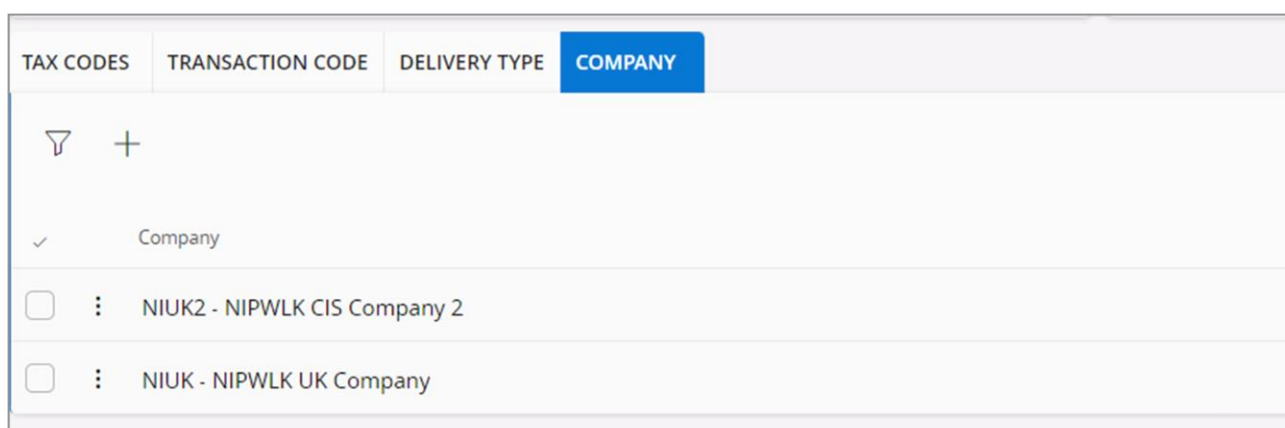
A new tax template specific to CIS **S107 - UK CIS Tax Template** is introduced and must be used to create the tax report.



The screenshot shows the 'Tax Report' configuration page for 'S107 - CIS'. The page is divided into several sections:

- Report No:** S107
- Description:** CIS
- Tax Template:** S107 - UK CIS Tax Template
- Tax Group:** (empty)
- Tax Direction:** Disbursed
- Report Based on:** Tax Transaction
- Obsolete Tax Tem...:** No
- Additional Parameters:**
 - Detail Level:** Supplier
 - Sort Order:** (empty)
 - Proposal Period/Date Range:** Based on Dates
 - Number of Periods:** (empty)
 - Correction Type:** Replacement Report
 - Repost Sequence Number:** (empty)
 - Document Series:** (empty)
- Output Method:**
 - Output Media:** File
 - External File Template:** TaxTemplate107
 - Tax Report Layout ID:** XML Layout ID
 - TAX_CIS_UK:** (empty)
- Reporting Currency:**
 - Reporting Currency Base:** (empty)
 - Accounting Currency:** GBP
 - Currency Rate Type:** (empty)

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



The screenshot shows the 'COMPANY' tab in the IFS interface. It features a table with the following columns: TAX CODES, TRANSACTION CODE, DELIVERY TYPE, and COMPANY. The table is currently empty, and there is a search bar at the top.

Before creating the tax report, it is mandatory to have a duly defined tax template field control for the tax template **S107** on the **Financials/Tax Ledger/ Basic Data/Tax Template Field Control** page. This will be available through the STD-UK company template.

Financials > Tax Ledger > Basic Data > Tax Template Field Control 23

Company: NIPWLK UK Company

Tax Template Field Control

S107 - UK CIS Tax Template - Tax Transaction

Copy Details From Company Copy Details From Basic **Field Control Basic**

Tax Template: S107 - UK CIS Tax Template

Country Code: GB

Report Based on: Tax Transaction

Selection Based on: Tax Codes

Template Field	Tax Code
MAT - Material Tax Codes	MAT
VER - Verification Tax codes	(3) CIS0; CIS20; CIS30

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 the Tax Template Field Control.

2.8.2 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 the **Tax Office** field to fetch the data accurately to tax reports.

New Tax Proposal

Proposal ID: 3

Description: CIS

Tax Office: **NIPWLK Tax Office**

Tax Report: S107

Attachments: No

Period/Date Range

From/To Date: 7/1/2022 - 7/31/2022

Proposal Type

☒ New Proposal

☐ Correction Proposal

Status: Created

Proposal Reference: 2 - CIS-7

Correction Type: Replacement Report

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

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

DETAILS		PARAMETER								
✓		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	6/2/2022
☐	:	NIUK	201367	2148725983	8788888888888	2022000001	N	6/2/2022	2022	6/2/2022
☐	:	NIUK	201368	2148725983	8788888888888	2022000002	N	6/2/2022	2022	6/2/2022
☐	:	NIUK	201370	2148725983	8788888888888	2022000003	N	6/2/2022	2022	6/2/2022
☐	:	NIUK	201372	2148725983	8788888888888	2022000004	N	6/2/2022	2022	6/2/2022
☐	:	NIUK	201430	3455644444	7866666666666	2022000005	N	6/6/2022	2022	6/6/2022

2.8.3 INFORMATION FIELDS

Click the **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 are editable as required.

Tax Proposal

2 - CIS-7

Tax Report

5107 - CIS

Creation Date

7/29/2022

User ID

NW

NIPWLK

Status

Acknowledged

Information Fields

Information Fields

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

OK

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 the <EmploymentStatus> tag in the XML report.

This is a mandatory field. Therefore, it is required to provide a 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 returns in this or the previous two tax years?”

Represented by the <Verification> tag in the XML report.

This is a mandatory field. Therefore, it is required to provide a 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 the <InformationCorrect> tag in the XML report.

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

DEC4 – Declaration 4 (Inactivity)

“Please indicate if you do not anticipate paying subcontractors in the next six months.”

Represented by the <Inactivity> tag in the XML report.

This field is optional; therefore can provide a String Value as **Yes**, or can keep it 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 the <NilReturn> tag in the XML report.

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

2.8.4 SPECIAL REMARKS ON TAX RETURN XML OUTPUT, WITH RELATION TO XML TAGS FOR DECLARATIONS.

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

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

2.8.5 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

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

incorrect values), the below error message has been given.

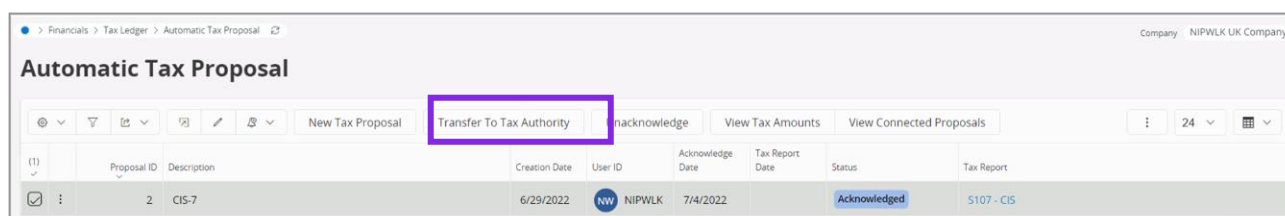
“Incorrect declaration values in Information Fields.”

2.8.6 ACKNOWLEDGE THE PROPOSAL

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

2.8.7 TRANSFER TO TAX AUTHORITY

After acknowledgement, transfer the Tax Proposal to the UK Tax Authority through the **Transfer to Tax Authority** command in order to obtain the response after a correct submission.



Automatic Tax Proposal									
Company: NIPWLK UK Company									
New Tax Proposal Transfer To Tax Authority Acknowledge View Tax Amounts View Connected Proposals									
(1)	Proposal ID	Description	Creation Date	User ID	Acknowledge Date	Tax Report Date	Status	Tax Report	
✓	2	CIS-7	6/29/2022	NIPWLK	7/4/2022		Acknowledged	S107 - CIS	

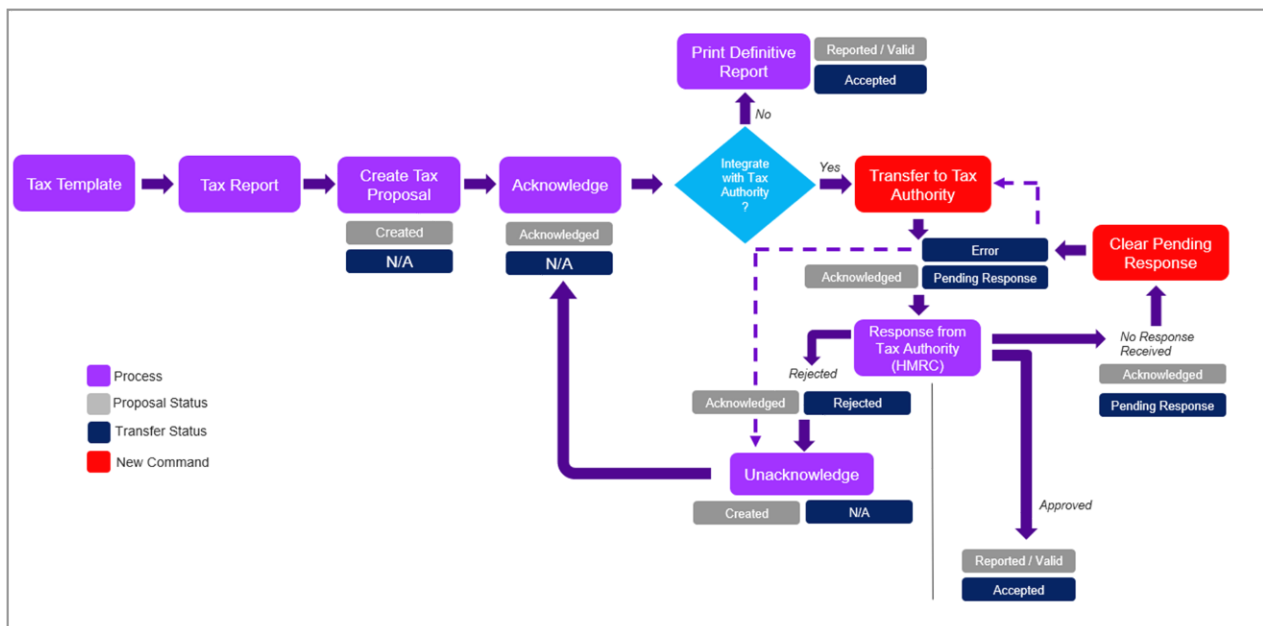
Three columns have been introduced as **Incoming Load File ID**, **Transfer Status**, and also used the existing **Error** column in the **Automatic Tax Proposal** page to handle information related to HMRC Integration.

Incoming Load File ID - This is the ID of the file that contains the content of the response received from the 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 that has been transferred to the Tax Authority. This can be **Error**, **Pending Response**, **Accepted**, or **Rejected** based on the status after integration with the tax authority.

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

An illustration of how the response statuses work after integration with the Tax Authority is given below.



As per IFS generic functionality, a 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, the proposal **Status** will be **Acknowledged**.

After that, if the report is supposed to have an integration with the tax authority, the **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, the value in the **Transfer Status** column will be changed to either **Error** or **Pending Response**. If an error occurs in integration from the 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 an **Error** state can be transferred to the tax authority again by unacknowledging and doing necessary changes and re-acknowledging.

Further, until the integration with UK HMRC is completed, the **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, the user could set the **Transfer Status** value to **Error** via the command **Clear Pending Response**. Subsequently, the user is able to transfer the proposal to HMRC again (With any change or without).

Automatic Tax Proposal											
Details New Tax Proposal Transfer To Tax Authority Clear Pending Response View Tax Amounts View Connected Proposals Print Proposal - Voucher Info Print Proposal - Invoice Info Template Field Presentation Show Information Fields											
(1)	Proposal ID	Description	Creation Date	User ID	Acknowledge Date	Tax Report Date	Status	Tax Report	Tax Template	Incoming Load File ID	Outgoing Load File ID
☒	2	CIS - 7	7/28/2022	NW NIPWLK	7/28/2022		Acknowledged	S107 - CIS	S107 - UK CIS Tax Template		2671
											Pending Response

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

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

At the Accepted state, the 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 it, as per the generic functionality (but this is not applicable for CIS reporting since it will be always integrated with HMRC).

Therefore, from the CIS perspective, generic commands **Print Preliminary Report** and **Print Definitive Report** are disabled on the **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 the **External File Transactions** page, navigating through the link via **Load File ID**.

Automatic Tax Proposal

New Tax Proposal

	Proposal ID	Description	Creation Date	User ID	Acknowledge Date	Tax Report Date	Status	Tax Report	Tax Template	Incoming Load File Id	Outgoing Load File Id	Transfer Status
	2	CIS-7	7/23/2022	NW NIPWLK	7/23/2022		Acknowledged	S107 - CIS	S107 - UK CIS Tax Template	2666	2665	Rejected

Refer to Chapter 2.5.2.3 for details on the 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 an FTP.

2.8.8 VALIDATIONS AND INFORMATION MESSAGES – TRANSFER TO TAX AUTHORITY

In order to prevent transferring empty tax proposals to the tax authority, the 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 a **Clear Pending Response** in order to change the **Transfer Status** from **Pending Response** to **Error**, the 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 the **Transfer to Tax Authority** command, the following information message will be given.

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

2.8.9 HANDLE TEST DATA - TRANSFER TO TAX AUTHORITY

Refer to Chapter [2.10](#) on test data for detailed information on transferring data to the test server.

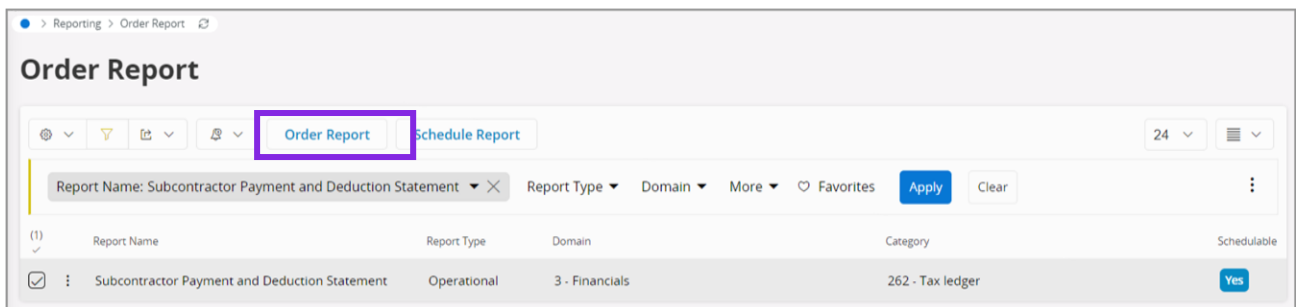
2.8.10 SUBCONTRACTOR PAYMENT AND DEDUCTION STATEMENT

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

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

Click the **Order Report** command.



Report Name	Report Type	Domain	Category	Schedulable
Subcontractor Payment and Deduction Statement	Operational	3 - Financials	262 - Tax ledger	Yes

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

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

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

In the field **Proposal ID**, enter the ID of the proposal, which should be based on the statement to generate (or it is possible to keep it as %).

In the field **Reprint**, Enter Y or N (Yes or No) accordingly to 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 the field **Include No Deduction**, Enter **Y** in order to fetch data when the sum of the tax amount for a supplier 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.

Reporting > Order Report > Order Report - Subcontractor Payment and Deduction Statement

Company: NIPWLK UK Company

Order Report - Subcontractor Payment and Deduction Statement

Parameters Distribution

Report Parameters

Company: NIUK Identity: % Proposal Id: % Reprint, Y/N: N

Include No Deduction, Y/N: N

Previous Next Finish Cancel

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

 **Subcontractor Payment and Deduction**

Payment and deduction made in tax month ended 7/30/22

Contractor's Name: NIPWLK UK Company Contractor's Address: 485 Windsor Road, London WC41 GB Contractor's UTR: 2325648152 Employer's Tax Reference: 123/R163

Sub Contractor's Full Name: George Wilkinson Sub Contractor's Unique Tax Payer Reference (UTR): 5234567893

Sub Contractor's Address: 24, High Road, RH11 8BG, GB Verification Number (Only shown when higher rate deduction has been made): V5678912356C

Invoice No	Gross Amount Paid (Excl. VAT)(A)	Less Cost of Materials	Amount Liabe to Deduct	Amount Deducted (B)	Amount Payable (A-B)
SI05/06-1	8,000.00	2,000.00	6,000.00	1,200.00	6,800.00
SI15/06-2	8,000.00	2,000.00	6,000.00	1,200.00	6,800.00
Total:	16,000.00	4,000.00	12,000.00	2,400.00	13,600.00

This report will be separately generated for each supplier's Unique Taxpayer Reference for the given period.

2.8.11 SENDING E-MAILS TO SUBCONTRACTORS

In IFS, it is possible to send monthly Subcontractor Payment and Deduction Statement to respective subcontractors via E-mail.

As a prerequisite, the **AP Contact** should be correctly defined in the **Supplier/Payment/AP Supplier Contact**.

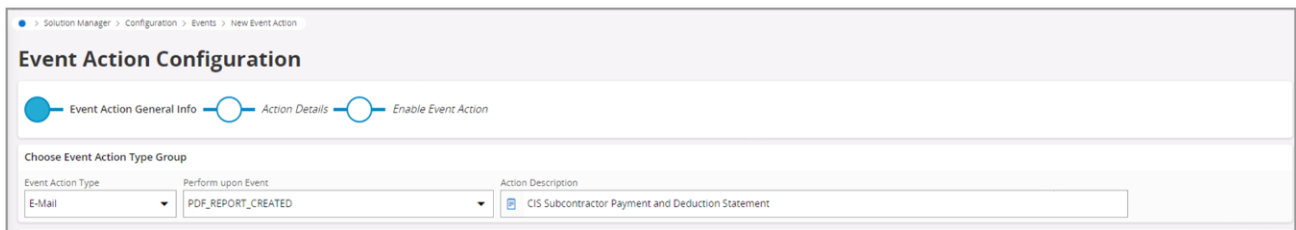
The **name** should be a contact defined in the **Supplier/Communication Method**, which fetches in the list of values, and the output file should be defined as **E-mail**.

A new Event Action should be configured as per below.

Navigate to ***Solution Manager/Automation and Optimization/Events/New Event Action***

Set the details in the **Choose Event Action Type Group** as per below.

- Event Action Type - E-Mail
- Perform Upon Event - PDF_REPORT_CREATED
- Action Description – To be defined as required.



Event Action Configuration

Event Action General Info | Action Details | Enable Event Action

Choose Event Action Type Group

Event Action Type: E-Mail | Perform upon Event: PDF_REPORT_CREATED | Action Description: CIS Subcontractor Payment and Deduction Statement

In Conditions, choose REPORT_ID and set the condition to “=” and set the value to SUB_CONTRACTOR_PAY_DED_REP.

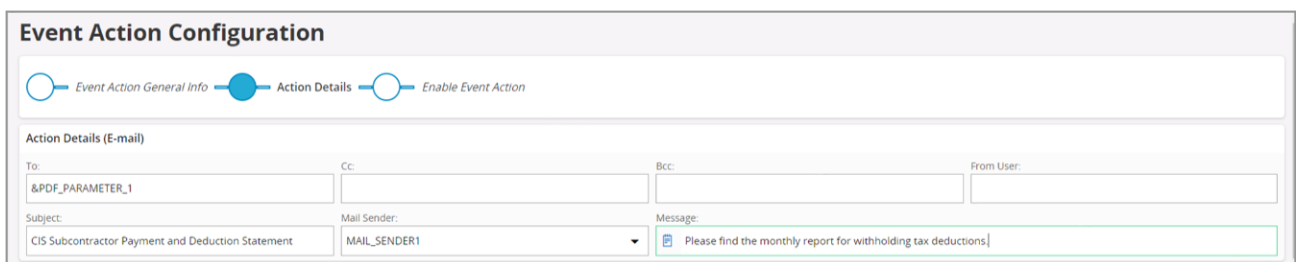
Save and click **Next**.

In **Action Details (E-mail)**, set the details as per below,

To - &PDF_PARAMETER_1

Mail Sender - MAIL_SENDER1

Message – As required.



Event Action Configuration

Event Action General Info | Action Details | Enable Event Action

Action Details (E-mail)

To: &PDF_PARAMETER_1 | Cc: | Bcc: | From User: |

Subject: CIS Subcontractor Payment and Deduction Statement | Mail Sender: MAIL_SENDER1 | Message: Please find the monthly report for withholding tax deductions

Click **Next**, enable the option **Enable Event Action**, and click **Finish**.

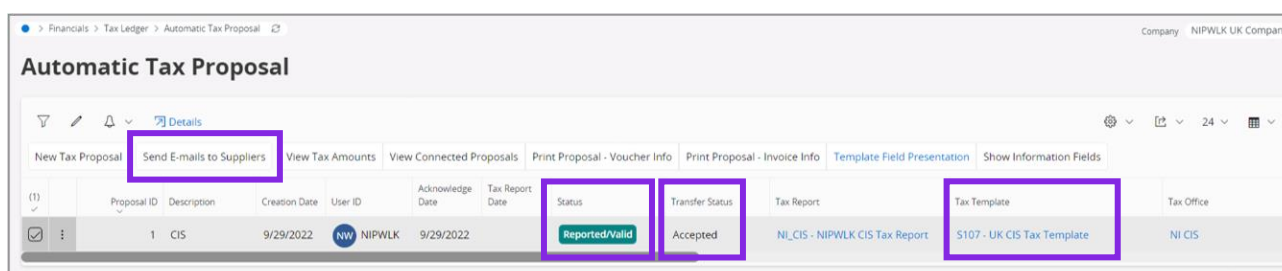
In **Attachments**, add attachment as “&PDF_FILE”.

The below parameters can be defined in Action Details as per the requirement.

- PDF_PARAMETER_1 – Receiver E-mail
- PDF_PARAMETER_2 – Sender E-mail
- PDF_PARAMETER_3 – Sender name
- PDF_PARAMETER_4 – Supplier name
- PDF_PARAMETER_5 – Company name

A new command button, **Send E-mail to Suppliers** has been implemented in the **Financials/Tax Ledger/Automatic Tax Proposal** page. This will only be enabled when the following criteria suffice.

1. A respective tax proposal should be created based on Template S107 (UK CIS Tax Template).
2. The Transfer Status of the Proposal should be **"Accepted"**.
3. The Proposal Status should be **"Reported/ Valid"**.



(1)	Proposal ID	Description	Creation Date	User ID	Acknowledge Date	Tax Report Date	Status	Transfer Status	Tax Report	Tax Template	Tax Office
☒	1	CIS	9/29/2022	NW	NIPWLK	9/29/2022	Reported/Valid	Accepted	NI_CIS - NIPWLK CIS Tax Report	S107 - UK CIS Tax Template	NI CIS

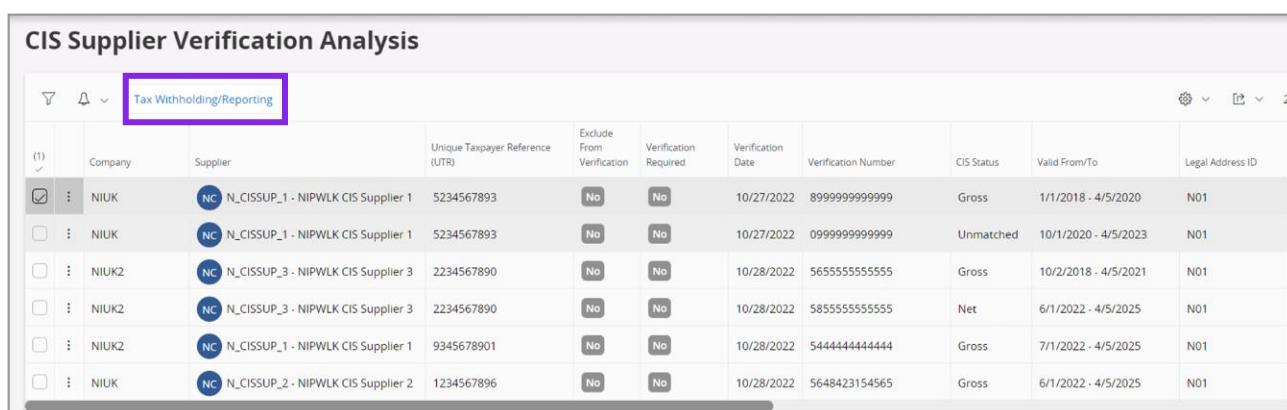
Upon executing the command, E-mails will be sent to suppliers who have the AP contact set up accurately, and a record will be available in the **Report Archive**.

2.9 CIS Analysis Page – CIS Supplier Verification Analysis

Located in **Supplier Invoice/ CIS Reporting**, the purpose of **this CIS Supplier Verification Analysis** page is to allow the user to review and analyze supplier withholding tax-related information in a table format to conveniently review at a high level.

This will include records for each CIS-specific supplier with the information that is depicted in **Supplier/Invoice/Tax Withholding/Reporting**.

Where there is more than one verification detail, multiple records will be available accordingly.



(1)	Company	Supplier	Unique Taxpayer Reference (UTR)	Exclude From Verification	Verification Required	Verification Date	Verification Number	CIS Status	Valid From/To	Legal Address ID
☒	NIUK	NC_NCISSUP_1 - NIPWLK CIS Supplier 1	5234567893	No	No	10/27/2022	8999999999999	Gross	1/1/2018 - 4/5/2020	N01
☐	NIUK	NC_NCISSUP_1 - NIPWLK CIS Supplier 1	5234567893	No	No	10/27/2022	0999999999999	Unmatched	10/1/2020 - 4/5/2023	N01
☐	NIUK2	NC_NCISSUP_3 - NIPWLK CIS Supplier 3	2234567890	No	No	10/28/2022	5655555555555	Gross	10/2/2018 - 4/5/2021	N01
☐	NIUK2	NC_NCISSUP_3 - NIPWLK CIS Supplier 3	2234567890	No	No	10/28/2022	5855555555555	Net	6/1/2022 - 4/5/2025	N01
☐	NIUK2	NC_NCISSUP_1 - NIPWLK CIS Supplier 1	9345678901	No	No	10/28/2022	5444444444444	Gross	7/1/2022 - 4/5/2025	N01
☐	NIUK	NC_NCISSUP_2 - NIPWLK CIS Supplier 2	1234567896	No	No	10/28/2022	5648423154565	Gross	6/1/2022 - 4/5/2025	N01

This page includes important information from the **Tax Withholding/Reporting** page, such as the Supplier Unique Taxpayer Reference, Legal Address ID, CIS Basic Data, and CIS Verification Details. In addition, this page includes multi-company records for CIS-specific suppliers.

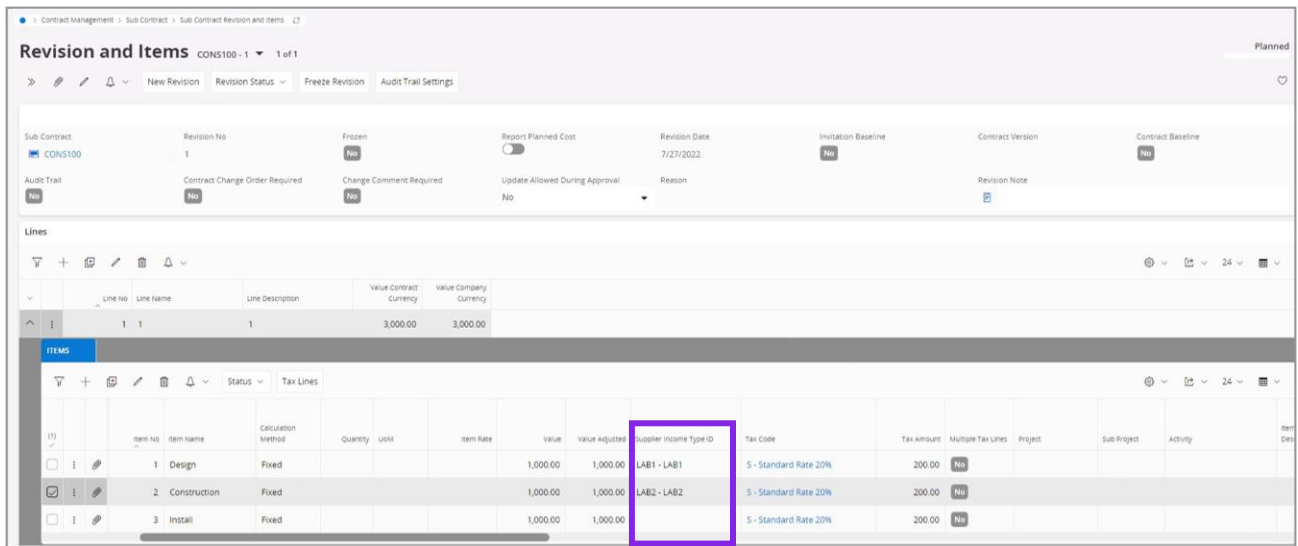
A record appears in the CIS Supplier Verification Analysis page for a given supplier only after it's CIS Basic Data is completed at the supplier level.

Once a record/s is selected, the user is able to navigate to the relevant Company/Supplier's Tax Withholding/Reporting page/s via the command button **Tax Withholding/Reporting**.

2.10 CIS Cross Application Solution - Subcontract Management

CIS is supported in Subcontract Management and Subcontract Valuation flows.

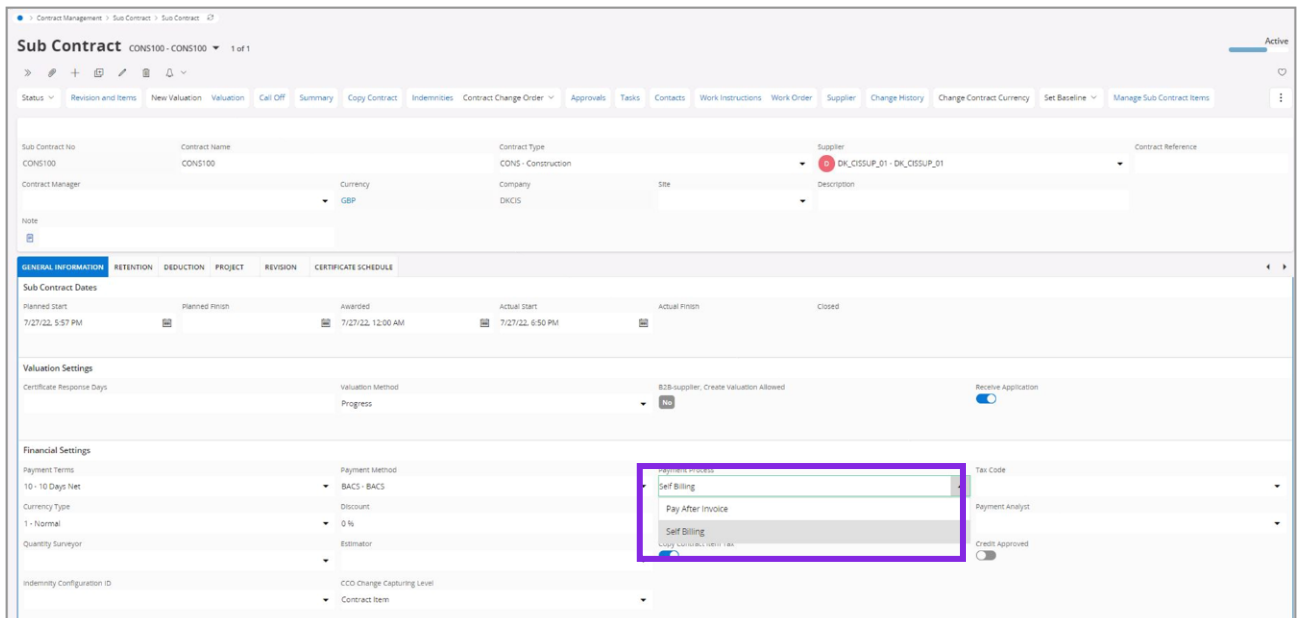
It is possible to define the Supplier Income Type ID in the sub-contract **Revision and Items**.



Line No	Line Name	Line Description	Value Contract Currency	Value Company Currency
1	1	1	3,000.00	3,000.00

Item No	Item Name	Calculation Method	Quantity	Unit	Item Rate	Value	Value Adjusted	Supplier Income Type ID	Tax Code	Tax Amount	Multiple Tax Lines	Project	Sub Project	Activity	Item Description
1	Design	Fixed				1,000.00	1,000.00	LAB1 - LAB1	S - Standard Rate 20%	200.00	No				
2	Construction	Fixed				1,000.00	1,000.00	LAB2 - LAB2	S - Standard Rate 20%	200.00	No				
3	Install	Fixed				1,000.00	1,000.00	LAB3 - LAB3	S - Standard Rate 20%	200.00	No				

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



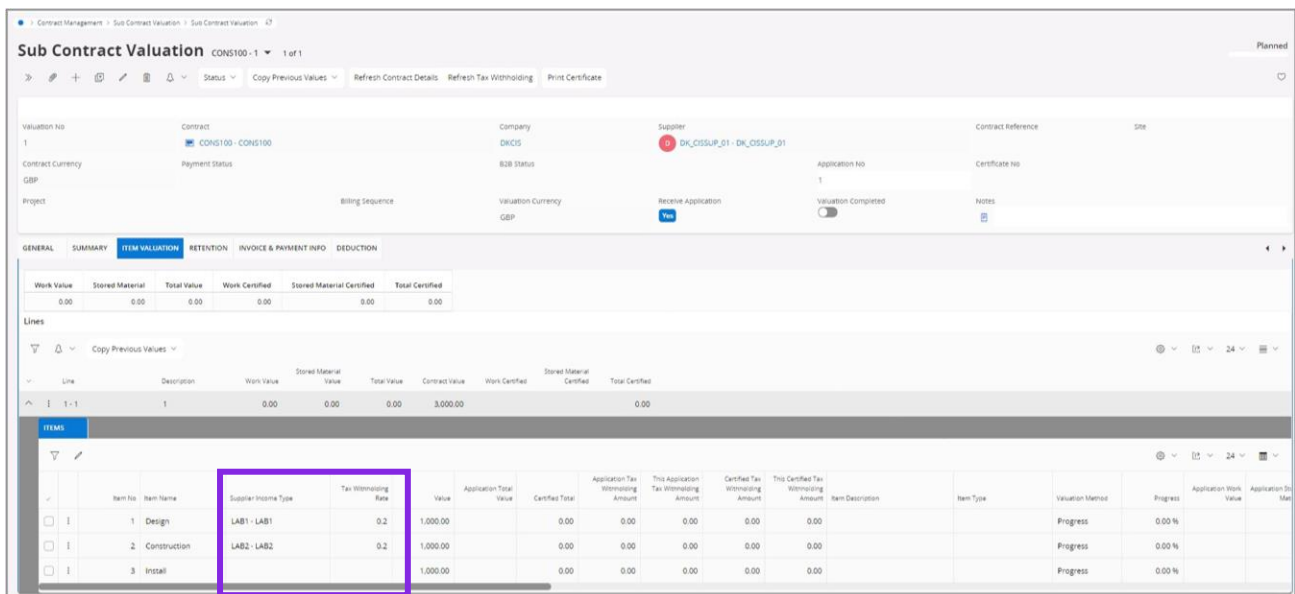
Sub Contract No	Contract Name	Contract Type	Supplier	Contract Reference
CONS100	CONS100	CONS - Construction	DK_CSSUP_01 - DK_CSSUP_01	

Sub Contract Dates	Planned Person	Awarded	Actual Start	Actual Finish	Closed
7/27/22, 5:57 PM		7/27/22, 12:00 AM	7/27/22, 6:50 PM		

Valuation Settings	Financial Settings
Certificate Response Days: Valuation Method: Progress R15 supplier, Create valuation Allowed: No Retention Application: On	Payment Terms: 10 - 10 Days Net Currency Type: 1 - Normal Quantity Surveyor: Indemnity Configuration ID: Payment Method: Discount: 0 % Estimator: CCO Change Capturing Level: Contract Item:

When a valuation is created, the Supplier Income Type ID defined in contract revision items is 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 setup.

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.

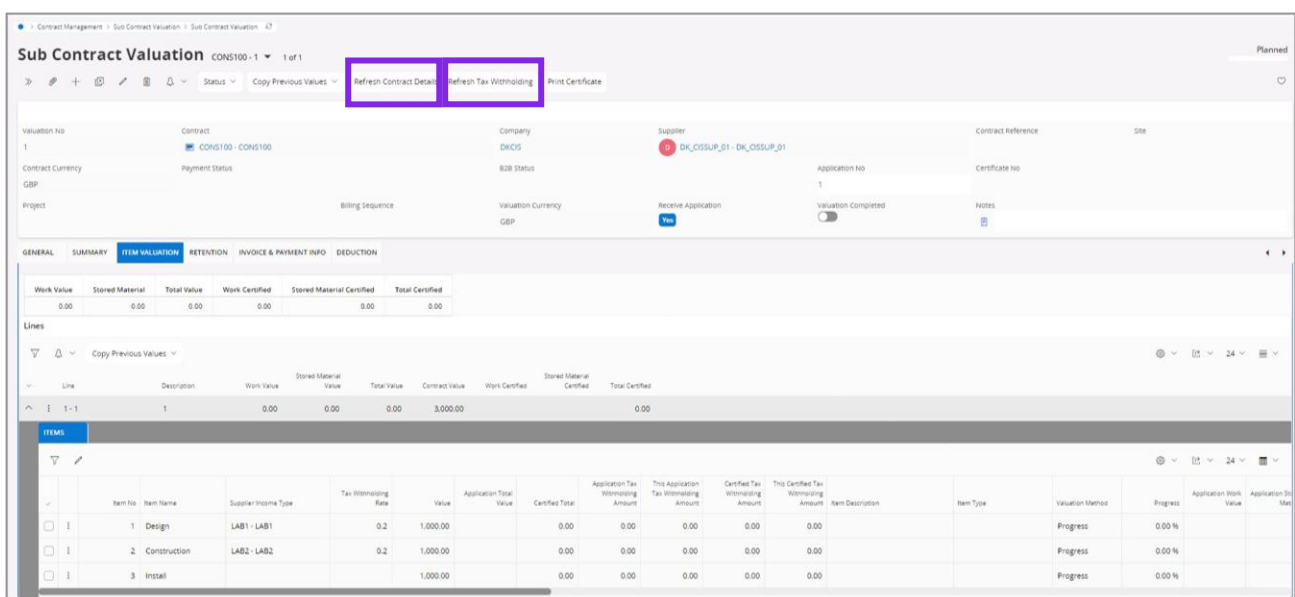


Line	Description	Work Value	Stored Material Value	Total Value	Contract Value	Work Certified	Stored Material Certified	Total Certified
1-1	1	0.00	0.00	0.00	3,000.00			0.00

Item No	Item Name	Supplier Income Type	Tax Withholding Rate	Value	Application Total Value	Certified Total	Application Tax Withholding Amount	This Application Tax Withholding Amount	Certified Tax Withholding Amount	This Certified Tax Withholding Amount	Item Description	Item Type	Valuation Method	Progress	Application Work Value	Application Tax Withholding Amount
1	Design	LAB1 - LAB1	0.2	1,000.00		0.00	0.00	0.00	0.00	0.00			Progress	0.00 %		
2	Construction	LAB2 - LAB2	0.2	1,000.00		0.00	0.00	0.00	0.00	0.00			Progress	0.00 %		
3	Install			1,000.00		0.00	0.00	0.00	0.00	0.00			Progress	0.00 %		

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 setup.

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 setup.



Line	Description	Work Value	Stored Material Value	Total Value	Contract Value	Work Certified	Stored Material Certified	Total Certified
1-1	1	0.00	0.00	0.00	3,000.00			0.00

Item No	Item Name	Supplier Income Type	Tax Withholding Rate	Value	Application Total Value	Certified Total	Application Tax Withholding Amount	This Application Tax Withholding Amount	Certified Tax Withholding Amount	This Certified Tax Withholding Amount	Item Description	Item Type	Valuation Method	Progress	Application Work Value	Application Tax Withholding Amount
1	Design	LAB1 - LAB1	0.2	1,000.00		0.00	0.00	0.00	0.00	0.00			Progress	0.00 %		
2	Construction	LAB2 - LAB2	0.2	1,000.00		0.00	0.00	0.00	0.00	0.00			Progress	0.00 %		
3	Install			1,000.00		0.00	0.00	0.00	0.00	0.00			Progress	0.00 %		

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

Contract Management > Sub Contract Valuation > Sub Contract Valuation - 47

Sub Contract Valuation - CONS100 - 1 of 1

Application Received

Copy Previous Values Copy Previous Values Refresh Tax Withholding Print Certificate Copy Application To Certified Copy Valuation To Certified

Valuation No 1	Contract CONS100 - CONS100	Company DKCS	Supplier DK_CSSUP_01 - DK_CSSUP_01	Contract Reference	Site
Contract Currency GBP	Payment Status	B2B Status	Application No 1	Certificate No	
Project	Billing Sequence	Valuation Currency GBP	Receive Application Yes	Valuation Completed	Notes

GENERAL SUMMARY **ITEM VALUATION** RETENTION INVOICE & PAYMENT INFO DEDUCTION

Work Value	Stored Material	Total Value	Work Certified	Stored Material Certified	Total Certified
0.00	0.00	0.00	300.00	0.00	300.00

Lines

Line	Description	Work Value	Stored Material Value	Total Value	Contract Value	Work Certified	Stored Material Certified	Total Certified
1-1	1	0.00	0.00	0.00	3,000.00	300.00		300.00

ITEMS

Item No	Item Name	Supplier Income Type	Tax Withholding Rate	Value	Application Total Value	Certified Total	Application Tax Withholding Amount	This Application Tax Withholding Amount	Certified Tax Withholding Amount	This Certified Tax Withholding Amount	Description	Item Type	Valuation Method	Progress	Application Work Value	Application Status
1	Design	LAB1 - LAB1	0.2	1,000.00	100.00	100.00	20.00	20.00	20.00	20.00			Progress	0.00 %	100.00	
2	Construction	LAB2 - LAB2	0.2	1,000.00	100.00	100.00	20.00	20.00	20.00	20.00			Progress	0.00 %	100.00	
3	Install			1,000.00	100.00	100.00	0.00	0.00	0.00	0.00			Progress	0.00 %	100.00	

The valuation Summary is also updated with the withholding tax amounts.

Contract Management > Sub Contract Valuation > Sub Contract Valuation - 47

Sub Contract Valuation - CONS100 - 1 of 1

Print Certificate

Valuation No 1	Contract CONS100 - CONS100	Company DKCS	Supplier DK_CSSUP_01 - DK_CSSUP_01	Contract Reference	Site
Contract Currency GBP	Payment Status	B2B Status	Application No 1	Certificate No 1	
Project	Billing Sequence	Valuation Currency GBP	Receive Application Yes	Valuation Completed	Notes

GENERAL **SUMMARY** ITEM VALUATION RETENTION INVOICE & PAYMENT INFO DEDUCTION

	Total Certified	Previous Certified	This Certified	Total Applied For	This Applied For
Gross Valuation					
Work Value	300.00	0.00	300.00	300.00	300.00
Stored Material	0.00	0.00	0.00	0.00	0.00
Total Value	300.00	0.00	300.00	300.00	300.00
Less					
Discount	0.00	0.00	0.00	0.00	0.00
Retention	0.00	0.00	0.00	0.00	0.00
Deduction	0.00	0.00	0.00	0.00	0.00
Add					
Retention Released	0.00	0.00	0.00	0.00	0.00
Sub Total					
Sub Total	300.00	0.00	300.00	300.00	300.00
Tax					
Add Tax Payment	60.00	0.00	60.00	60.00	60.00
Less Tax Withheld	60.00	0.00	60.00	60.00	60.00
Gross Amount Due					
Amount Due	300.00	0.00	300.00	300.00	300.00

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

Manual Supplier Invoice AS-9700003 1 of 1

Supplier: DK_CSSUP_01 - DK_CSSUP_01

Invoice Type: AUTSUPPINV, Series ID: AS, Invoice No: 9700003, Due Date: 8/6/2022, Plan Pay Date: 8/6/2022, Payment Reference: 1, Invoice Date: 7/27/2022, Annual Date: 2022000002

Gross Amount: 360.00, Net Amount: 300.00, Tax Amount: 60.00, Non-deductible Tax Amount: 0.00, Cost Amount: 300.00

Line ID	Delivery Type	Income Type Identity	Tax Code	Tax Calculation Structure	Multiple Tax Lines	Tax Rate	Tax Method	Gross Amount	Net Amount	Tax Amount	Tax Amount in Accounting Currency	Tax Amount in Parallel Currency	Non-deductible Tax Amount	Cost Amount	Total Tax Amount	Customs Declaration Number	Withheld Tax Amount
1		LAB1	S		No	20	Invoice	120.00	100.00	20.00	20.00		0.00	100.00	20.00		20.00
2		LAB2	S		No	20	Invoice	120.00	100.00	20.00	20.00		0.00	100.00	20.00		20.00
3		LAB3	S		No	20	Invoice	120.00	100.00	20.00	20.00		0.00	100.00	20.00		20.00

Posting Information: Balance: 0.00, Balance in Accounting Currency: 0.00, Voucher Text: DK_CSSUP_01

The Withholding Tax lines are created for each invoice line.

Manual Supplier Invoice AS-9700003 1 of 1

Supplier: DK_CSSUP_01 - DK_CSSUP_01

Invoice Type: AUTSUPPINV, Series ID: AS, Invoice No: 9700003, Due Date: 8/6/2022, Plan Pay Date: 8/6/2022, Payment Reference: 1, Invoice Date: 7/27/2022, Annual Date: 2022000002

Gross Amount: 360.00, Net Amount: 300.00, Tax Amount: 60.00, Non-deductible Tax Amount: 0.00, Cost Amount: 300.00

Line Details:

Tax Code	Tax Type	Withholding Base Amount	Tax Rate	Tax Amount	Tax Amount in Accounting Currency	Tax Amount in Parallel Currency	Use Withholding Amount	Report Code	State
0520	Tax Withhold	100.00	20	20.00	20.00		No		

OK Cancel

2.10.1 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 exist contract items with Supplier Income Type ID not defined. Supplier Income Type must have a value when certifying self-billing valuations when the supplier has CIS set up.”

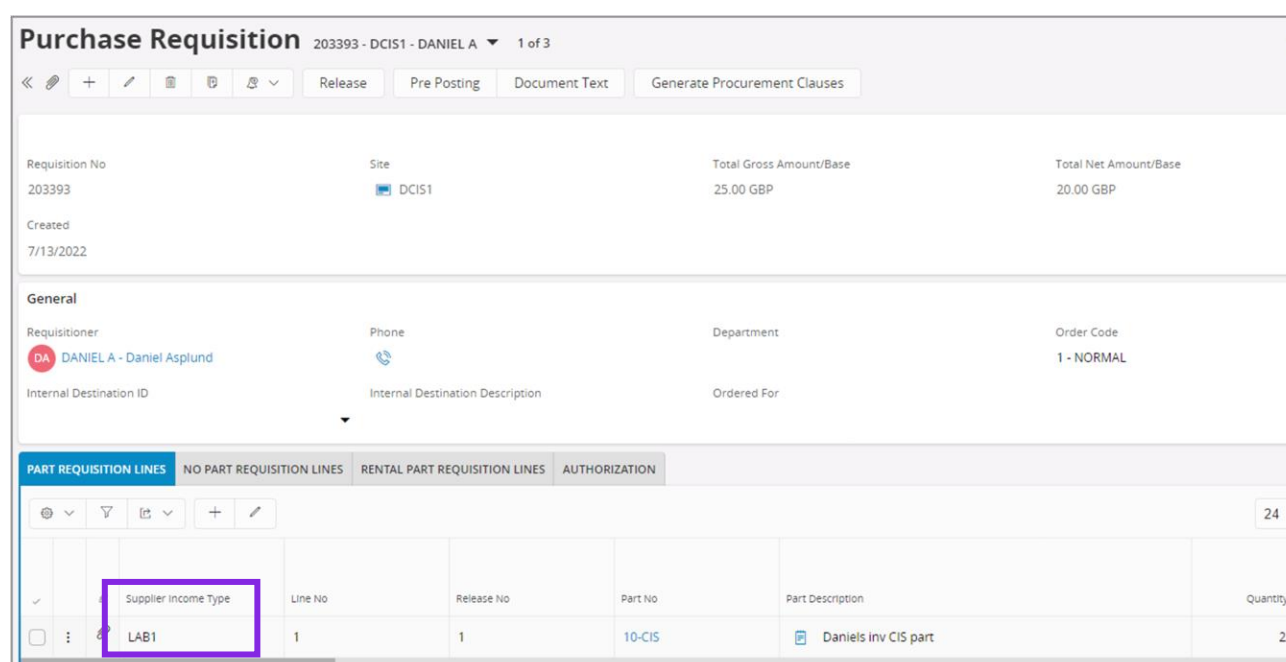
When the supplier has CIS set up and the sub-contract payment process is self-billing, on **Start Certificate Approval** of a valuation, an error message is given if there are valuation items without a Supplier Income Type defined.

“Valuation items must have a Supplier Income Type defined since the Subcontract Payment Process for the valuation is Self-Billing and supplier has CIS set up.”

2.11 CIS Cross Application Solution – Purchase Requisitions and Orders

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

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



Purchase Requisition 203393 - DCIS1 - DANIEL A 1 of 3

Release Pre Posting Document Text Generate Procurement Clauses

Requisition No: 203393 Site: DCIS1 Total Gross Amount/Base: 25.00 GBP Total Net Amount/Base: 20.00 GBP
Created: 7/13/2022

General

Requisitioner: DANIEL A - Daniel Asplund Phone: Department: Order Code: 1 - NORMAL
Internal Destination ID: Internal Destination Description: Ordered For:

PART REQUISITION LINES NO PART REQUISITION LINES RENTAL PART REQUISITION LINES AUTHORIZATION

Line No	Release No	Part No	Part Description	Quantity
1	1	10-CIS	Daniels inv CIS part	2

Supplier Income Type: LAB1

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

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

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

New columns for supplier income type have been added to register arrivals, incoming dispatch advice, and receive and receive with serial/lots assistance. 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 the receipt of purchase order lines to ensure that the supplier income type exists on all purchase order lines for self-billing suppliers with unique taxpayer references.

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 registered arrivals or manual incoming dispatch advice for a purchase order line using a self-billing invoice and a valid CIS supplier, the CIS logic will be used to retrieve the correct tax withholding tax codes. i.e. the generic logic will not be used, instead, correct tax codes will be retrieved to the supplier invoice based on supplier income type on the purchase order line, CIS logic, and supplier status.

2.11.3 VALIDATIONS AND INFORMATION MESSAGES – PURCHASE REQUISITIONS AND ORDERS

When releasing a PO header, if any self-billing enabled PO lines that are connected to the 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 the supplier is defined as a CIS supplier.”

After releasing the PO header, if a user adds a self-billing enabled line with a 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 the self-billing purchase order line P1900-1-1 where the supplier is defined as a CIS supplier.”

2.12 Handle Test Data

If 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 the HMRC test server and transfer to the 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 guidelines for setting up a custom command are given below.

2.12.1.1 Custom Command for Tax Proposal

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

2.12.1.2 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 the type of item as **ExecuteAction** and set-up 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

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

INVOICE

The 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 made.

2.14 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

The 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 regard to CIS Reporting can be accessed via the below link.

<http://techdocs/>