



08 March 2021

Construction Industry Scheme (CIS) & VAT Reverse Charge

R.E. Construction Industry Scheme (CIS)

As you may be aware, the Construction Industry Scheme (CIS) follows a set of rules defined by HMRC, on how subcontractors working within the construction industry should be paid. Under the CIS scheme, a percentage of the payment from a contractor to a registered subcontractor is deducted and transferred to HMRC.

CIA Fire & Security Ltd.'s Position

In accordance with HMRC's CIS-340 Construction Industry Scheme – A Guide for Contractors and Subcontractors, we would like to advise you that CIA Fire & Security Limited's (CIA) line of work is typically **excluded** from the scheme.

To confirm, installation of security systems that are dedicated to security only is **excluded** from the scheme. Specific types of systems specifically mentioned in the legislation are burglar alarms, closed circuit television and public address systems. Fire warning (alarm) systems, akin to those installed and maintained by CIA, are also **excluded**.

VAT Reverse Charge

As of 1st March 2021, HMRC introduced the VAT Reverse charge on construction and building services. Under the new system, VAT-registered subcontractors supplying qualifying services to other construction industry contractors, must show, but no longer charge, the correct rate of VAT on their invoices to contractors. Instead, the contractor must account for the VAT to HMRC.

The new system applies to activities covered by CIS payment rules. This ruling does not apply to businesses whose works are not subject to CIS. CIA is therefore unaffected by the VAT Reverse Charge.

Further information is enclosed with this letter.

Should you have any questions at all, please do not hesitate to contact a member of our Accounts Team.



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CIA's Standing with the Construction Industry Scheme (CIS)

In accordance with HMRC's CIS-340 Construction Industry Scheme – A Guide for Contractors and Subcontractors, CIA Fire & Security Limited's (CIA) line of work is typically **excluded** from the scheme.

Construction Industry Scheme (CIS) - Security Systems (Intruder, CCTV & Access Control):

As per [Appendix A - A.31 Security Systems of CIS-340](#): Installation of security systems that are dedicated to security only is **excluded** from the scheme. Specific types of systems specifically mentioned in the legislation are burglar alarms, closed circuit television and public address systems.

This position is elaborated in [Appendix C](#), which gives Guidance on construction operations that are included within the scheme and those that are excluded → [Construction Industry Scheme Manual at CISR14330](#):

Burglar Alarms – CISR14290:

The intention is to **exclude** security systems that are dedicated to that purpose. The examples given in the provision, while not exhaustive, suggest that the systems excluded are electronic in character and involve hardware whose installation has no substantial effect on the fabric of the building in which it occurs.

The installation must also be a 'system', not just a building feature that incidentally fulfils a security purpose. Thus, doors equipped with locks provide a measure of security, but they do not represent a 'system'. Similarly, fencing may deter intruders, but it is a traditional feature of buildings and their surrounds, not a security 'system', even if it has security features.

Excluded from CIS:

- Burglar alarms
- Closed circuit television employed for security purposes
- Public address systems
- Door entry systems (consisting of no more than an electronic lock and a voice communication system)
- Computerised locking systems.

Example: Installation of a computer controlled centralised locking system with programmable key cards, such as those used in hotels, would be excluded from the scheme.

Within CIS:

- Closed circuit television used for traffic management
- Door access systems (involving installation of a special door or other structural features)
- Gates, barriers, retractable and automatic bollards, and other systems of physical security
- Installation of lighting systems (see CISR14090)
- 'Security' fencing
- Installation of safes integrated into the building structure.
- Preparatory works on the land, such as digging, building / erecting concrete posts on which to install the CCTV is within CIS.

The installation must be a system and not simply a building feature that incidentally fulfils a security purpose.

Examples include: Doors equipped with locks provide a measure of security, but they do not represent a system, so they would not be excluded from the scheme. Fencing may deter intruders but it's a traditional feature of buildings and their surrounds and not a security system, even if it has security features, so it would not be excluded from the scheme.

Construction Industry Scheme (CIS) - Fire Alarm Systems

As per [Appendix C - C.3 Included and excluded operations](#), installation of fire protection systems designed specifically to protect the fabric of the building (such as sprinkler systems, fireproof cladding) are within the CIS. Fire warning (alarm) systems, akin to those installed and maintained by CIA, are **excluded**.

This position is elaborated in [Appendix C](#), which gives Guidance on construction operations that are included within the scheme and those that are excluded → [Construction Industry Scheme Manual at CISR14330](#):

Fire Alarms – CISR14160:

In practice, systems concerned with the protection of a building and its occupants tend to fall into the following classes:

- *Fire alarm systems providing audible warnings. These are usually triggered by a person.*
- *Fire detection systems made up of a network of heat or smoke sensors that automatically trigger audible/visible warnings.*
- *Fire detection systems made up of a network of heat or smoke sensors that, in addition to triggering audible/visible warnings, set off structural protection systems such as sprinkler systems.*
- *Structural fire protection systems such as sprinkler systems, fireproof cladding and automatic door/Shutter closing mechanisms.*
- *Fire alarm systems and fire detection systems limited to providing audible/visible warnings essentially fulfil a public safety function. In that respect they are technically like security warning systems (as in 1 & 2 above). The installation of these systems is considered to be outside the scope of CIS.*

Structural fire protection systems and those fire detection systems that interact with structural protection systems fall squarely within the description of 'systems of fire protection' (as in 3 & 4 above). The installation of these systems is caught by CIS.