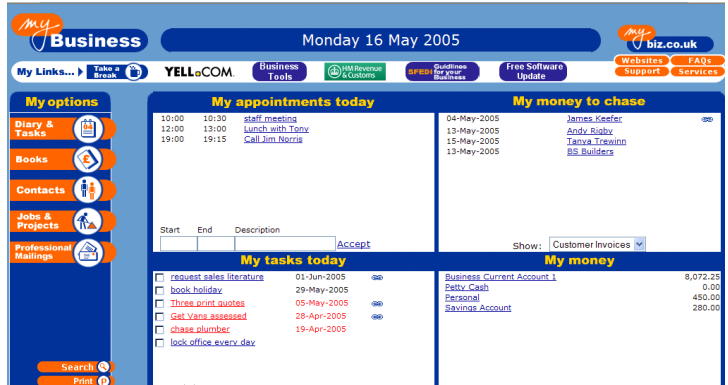


Using My Business to Manage CIS4.

A Simple Guide To Getting the Best out of My Business

Many businesses operating in the construction industry use the Construction Industry Scheme (CIS) to account for the labour element of the invoices. For more information on CIS – what it means and how to register for it please go to www.hmce.gov.uk. This simple guide is designed to show you how to produce invoices and account for CIS4, the most common form of the scheme.



The Complete Manager Home Page

In this guide we will show how to:

- Raise a CIS4 invoice
- Track CIS4 owing
- Receive payment for CIS4

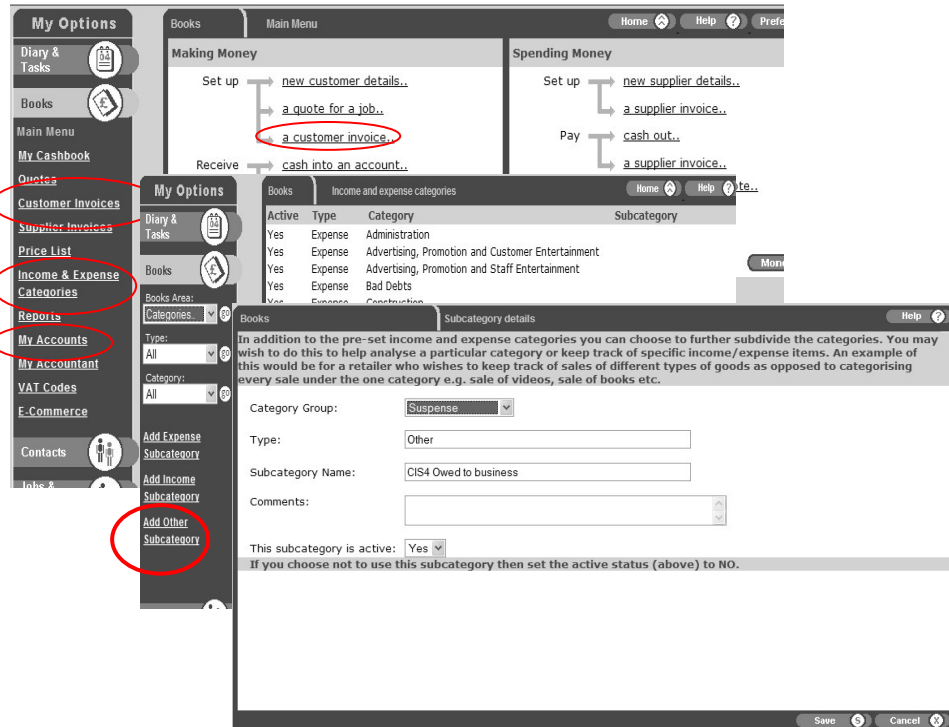
Remember; don't worry if you make a mistake. You can make amendments and changes at any stage!

Simple Steps to managing CIS4 with My Business

Example: In this example a customer (James Keefer) is invoiced for building work.

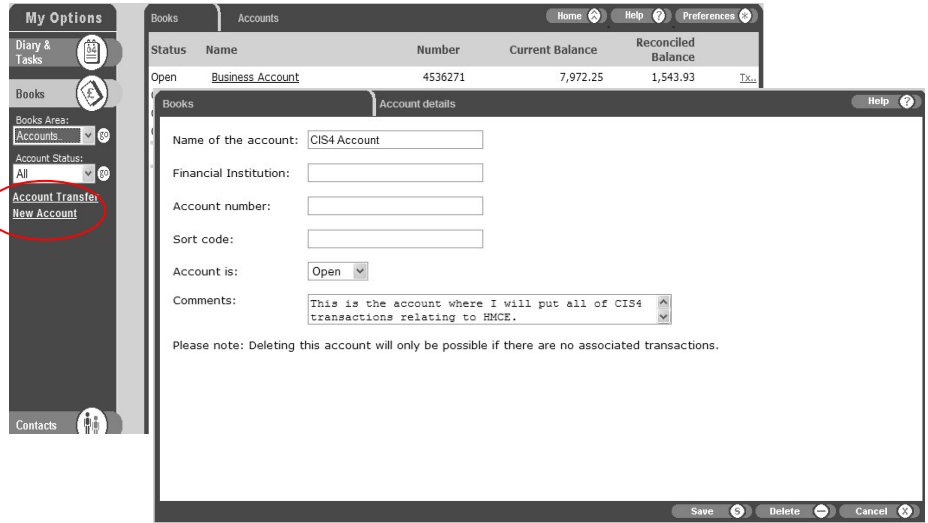
1. Set up a CIS4 Suspense sub category: A suspense category allows you to allocate transactions and values without these being reported in the accounts or cashbook. This is useful for keeping track or a log of prepayments, accruals and other transactions. Go to Books Main Menu / Income and Expense Categories. From there select "Add Other Subcategory".

Select Category Group "Suspense" and create a Subcategory name, for instance "CIS4 owed to business". Make sure that the subcategory is active so that you can link expenditure items to it.



2. Create an account for CIS4 transactions: This is the virtual bank account to which you will post the CIS4 owing to you, and any future CIS4 payments. This will be where you can always see the status of your CIS4 transactions.

Go to Books Main Menu / Accounts / New Account. Create an account, which you can call CIS4 Account.



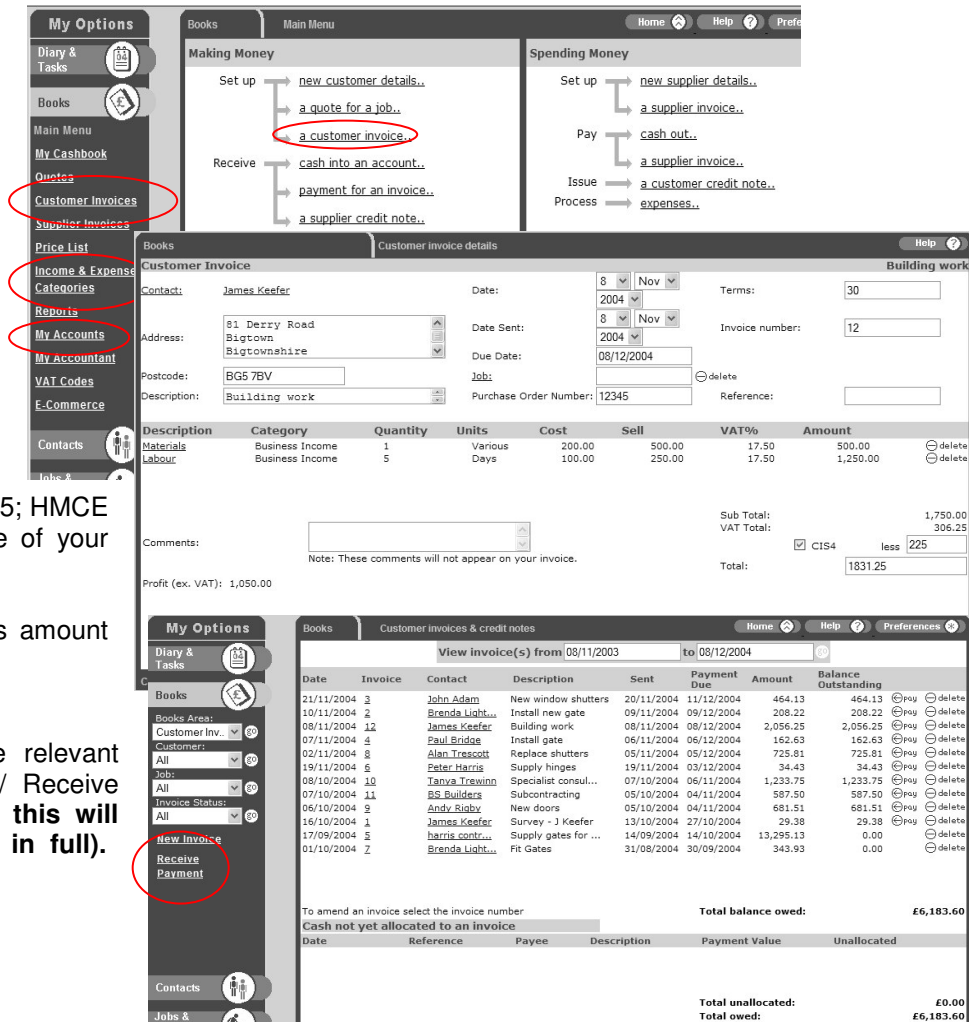
3. Raise an invoice for James Keefe: Go to Books Main Menu / Customer Invoices OR Set up a Customer Invoice. Raise an invoice in the usual way – in this case for simplicity the invoice is for Materials and Labour.

Tick the CIS4 box and insert the amount, in this case £225 (18% of the labour amount of £1,250). This invoice can now be previewed and printed.

James Keefe now owes you £1831.25; HMCE (depending upon the overall balance of your tax situation) “owes” you £225.

You will want to keep a track of this amount owing (see later).

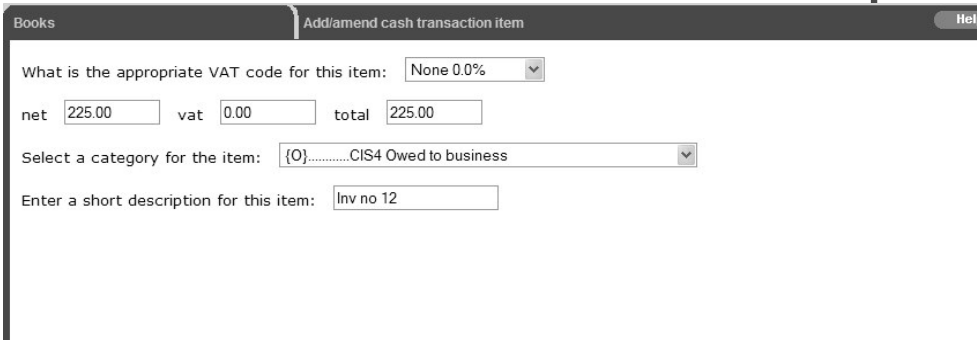
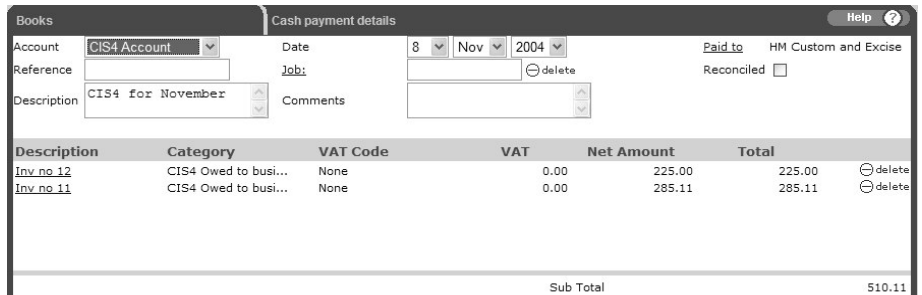
When James Keefe pays you the relevant amount. Go to Customer Invoices / Receive Payment. (do not go to “Pay” as this will automatically pay off the invoice in full). Follow the steps in this wizard.



3. Keeping track of your CIS4 status – create a suspense payment:

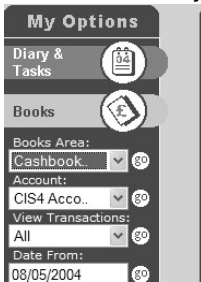
You may want to track your CIS invoices and in this example we assume that you are tracking them monthly. Create an expense transaction either from the Books Main Menu or from “Money Out” at the bottom of the CIS4 Accounts page. Make sure that the account selected is CIS4 Account and you may want to give it a description of CIS4 for November (the month of the invoice).

You can track all of your individual invoices by going to add an Item at the bottom of the page and creating an expense line for the invoice. The description can be anything but you might want to refer to the invoice in question. Set the VAT to “None”, enter the CIS4 amount, and select “CIS4 Owed to the business”. Because this is allocated to a subcategory under “Other”, any item posted to it will not appear in your Income and Expense summary, and so will not affect your accounts.

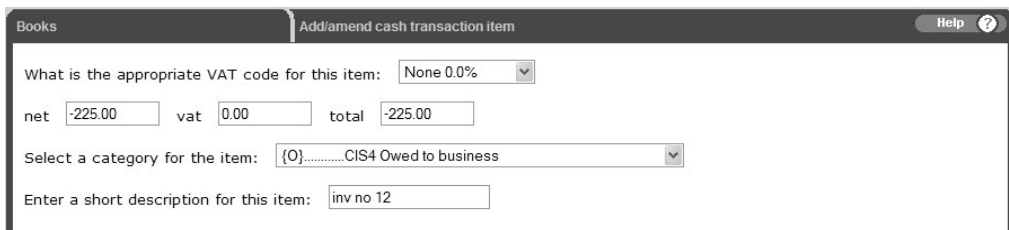


3. Receiving payment for CIS4:

To receive payment for the £225 relating to CIS4 VAT go to Customer Invoices and select “Receive Payment”. The software will only allow the customer (in this case James Keefer) to pay off an invoice and so you will need to follow the payment process but allocating the payment to James Keefer.



Now go to the Cashbook for the CIS4 Account and select the relevant expense transaction (in this case CIS4 for November).



Go to Add Item and repeat the process (Vat = “None”, Category = Suspense CIS4 Owed to business) but this time makes the amount (minus) -£225.

This will offset the amount owing and retain a track of amounts owed and paid.

