Spotlight on HMRC's Construction Forum

Briefings

September 2026

25 August 2026

HMRC's Construction Forum acts as a policy advisory group to discuss significant taxation issues affecting the construction sector. It provides a platform to discuss changes in taxation policy and to explore the implications of those changes.

The Construction Forum was formed in 2020 following a recommendation by CIOT. The Forum is currently co-chaired by HMRC and CIOT, and considers taxation issues which exclusively or disproportionately affect the construction sector. While there is a focus on the Construction Industry Scheme (CIS), matters for discussion are not limited to CIS and include all taxes related to the construction sector.

The Forum meets quarterly and provides an opportunity to discuss significant issues and changes in taxation policy affecting the construction sector, as well as other areas of legislative change relevant to the sector. Additionally, it allows early input into proposed changes to guidance and legislation, and provides the opportunity for us to raise examples of practical difficulties causing ‘grit’ in the system.

CIOT, LITRG and ATT are all represented on the Forum.

Current and recent agenda items

Meetings usually include an update from HMRC on its performance and services with representatives commenting, asking questions and raising concerns.

For example, at the March 2026 meeting HMRC provided statistics on Gross Payment Status (GPS) applications, discussed the main reasons for rejections and responded to representatives’ questions.

CIS transformation and simplification

A common theme of recent meetings has been transformation and simplification.

One example is the obligation to file nil returns for construction contractors effective from 6 April 2026. HMRC explained that there was no workable option but to reintroduce this requirement to prevent penalties for late filing being issued.

Another example is the Income Tax (Construction Industry Scheme) Regulations 2005 Regulation 20A, which exempts certain payments from landlords to tenants for construction operations from the scope of the CIS if specific conditions are met. CIOT had raised issues with the operation of Regulation 20A and its application to development management agreements.

Concerns were also raised about HMRC’s guidance in its Construction Industry Scheme Reform Manual CISR14020, which states: ‘Pure financing arrangements (including lending, providing finance and grant funding) fall outside the scope of CIS’. HMRC confirmed that it does not intend to bring standard standalone finance agreements within CIS, but highlighted that it would be important to understand the entirety of the case, including the contract, the contractors and the finance arrangements.

Guest presentations

A relatively recent and welcome initiative has been to invite guest presentations on topical tax issues affecting the construction industry.

Examples of recent presentations include:

- The evolution of commercial lease grants: This looked at the commercial context of lease grants, focusing on landlord and tenant relationships, market trends and the impact of CIS Regulation 20A.
- Operating CIS in practice: This addressed concerns about the misapplication of the CIS rules, with workers being incorrectly categorised as self-employed rather than employed, and the unlevel playing field for those businesses that apply the rules correctly.
- A presentation on the impact of the 2025 Budget on the construction sector by Patrick Crookes, a member of the CIOT’s Employment Taxes Committee.

The list of participating bodies, the terms of reference and meeting notes are published by HMRC on the GOV.UK website at: www.gov.uk/government/groups/construction-forum.