CIS - Are you a property investor or developer?

Most Construction Industry Scheme (CIS) documentation only refers to contractors and subcontractors. However, there are other classifications in the case that your job doesn't entirely fit into one of those categories. This fact sheet explains the differences between property developers and property investors and how they are categorised for CIS tax purposes.

What is a property developer

A property developer is described as an individual or entity that constructs new buildings, renovates existing buildings or takes part in other civil engineering works. Property developers are considered 'mainstream contractors' for CIS purposes.

Mainstream contractors must register with the CIS if they hire subcontractors to carry out construction work, or if they have spent more than £3 million on construction in the 12 months since their first payment.

Mainstream contractors are also responsible for deducting a portion of each subcontractor's pay and transferring the amount to HMRC, as well as submitting monthly CIS returns

What is a property investor

A property investment business isn't the same as a property developer. A property investor buys or sells buildings for capital gain or rental purposes.

A property investment business has a number of properties it needs to prepare before letting. Minor refurbishments are generally required in order for those buildings to be suitable enough to let.

Property investors are considered 'deemed contractors' for CIS purposes if they spend over £3 million on construction in a 12 month period.

Deemed contractors include property investors, local authorities and housing associations. They generally do not carry out construction work but have exceeded the £3 million threshold on construction work in the 12 months since their first payment.

It's important to monitor your construction expenses if you think you're likely to become a deemed contractor.

The scheme must be applied for any work done on property that is:

- not used by the business for business purposes
- for sale or to let
- is held as an investment

Property investors do not need to apply for the CIS if the construction expenditure is solely for their business property, for instance, an office.

Deemed contractors follow similar rules as mainstream contractors. They must register for the CIS, verify each subcontractor, make deductions from subcontractors' paycheques and submit monthly returns to HMRC.

This document has been prepared for information purposes and does not constitute advice. All information deemed correct as at November 2025