



Case Study



PACE Building Services

Resolving an HMRC Construction Industry Scheme compliance check for a long-standing client

PACE Building Services is a London building services company that has worked almost exclusively for the Bedford Estate for around 35 to 40 years. The business handles a high volume of small, regular jobs, across both general building work and gas-related services. Each job has its own accounting profile, including client billing at hourly rates, materials purchases and CIS deductions.

Managing the day-to-day finances at the level of detail HMRC requires is a challenge and PACE has trusted Macalvins to support them for decades.

The brief

In July 2025, PACE received a letter from HMRC opening a compliance check on the company's Construction Industry Scheme (CIS) position. A sub-contractor had represented himself as registered for gross payment status, but in fact was not registered on that basis – meaning PACE had not deducted the 20% CIS tax that should have applied to payments.

PACE acted in good faith on the information provided by the sub-contractor and the sub-contractor confirmed he had paid his own tax on the income received, but HMRC's position, was that PACE had not operated CIS correctly.

For a long-established business, the assessment was a significant and stressful event.

How Macalvins helped

Aarohi took the lead on the response and was appointed as temporary agent for the CIS service, engaging HMRC directly on PACE's behalf.

The work involved:

- **A full reconstruction of the position –** Macalvins reviewed the underlying transactions, the sub-contractor's representations, the payments made and the tax that had in fact been paid by the sub-contractor on the income in question.

- **A structured engagement with HMRC** – Macalvins corresponded with HMRC about the sub-contractor's misrepresentation, to make the technical case that the original HMRC assessment placed an unfair burden on PACE.
- **Proactive communication** – Aarohi maintained an open line to PACE's team. Macalvins ensured phone calls were answered, callbacks were honoured and the stress of an HMRC assessment was reduced
- **A successful close** – After several months of engagement, HMRC accepted the case and PACE was not required to pay the assessed amount.

The results

- CIS compliance check closed in PACE's favour, with no payment required.
- A significant operational and financial risk lifted from a long-standing family-run business.
- The compliance check brought PACE and Macalvins into much closer day-

- to-day contact and resulted in a much sharper mutual understanding of how the business runs and what it needs from its advisers going forward.

In the client's words

"Macalvins have been our accountants for decades, and when we had a stressful HMRC compliance check, they got us out the other side in good shape. What stood out was how the team handled it. Aarohi recognised the stress we were under and dealt with it sympathetically – she wasn't just dealing with it on a factual basis, she was a helping hand. For an honest firm trying to do the right thing, having advisers like that on your side makes all the difference."

**Stephen Squires, Managing Director,
PACE Building Services**

*Facing an HMRC enquiry, assessment or compliance check?
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