



Fact Sheet

17 Deferred Payment Scheme

The Deferred Payment Scheme (DPS) is a scheme which allows importers to defer the payment of Customs charges (including GST) accounted for on Customs import entries.

If you are an importer you can become approved by the New Zealand Customs Service to go onto the DPS.

The main advantages of the scheme are:

- Deferral of the payment of Customs charges for up to seven weeks with a minimum period of three weeks; and
- No requirement to pay cash on each Customs import entry. Instead you have an account with the New Zealand Customs Service and settle a month's transactions with a single payment.

What Charges can be Deferred?

All charges which are accounted for on Customs import entries can be deferred. These are:

- Customs Duty
- GST
- HERA Levy
- ALAC Levy.

You cannot use this facility to defer payment for charges on simplified import entries unless an importer code is used.

Period of Deferment

The DPS has only one accounting period. A statement is issued on the last day of the month, with payment due by the 20th of the month following.

The charges deferred during any one accounting period must be paid in total by the payment due date.

Procedure

Your account can be used at any Customs Port in New Zealand. Deferred payment can be requested by showing your Deferred Payment Client Account Number on your Customs import entry at the time you lodge your entry to clear your imports. If you request deferment it must be for all the deferrable charges on the entry. This is the amount which appears in the total amount payable field on your import entry.

The debt will be raised and posted to your account at the time the entry is passed. Entries are passed automatically by the New Zealand Customs Service following completion of the entry processing checks.

Deferment of charges can be refused in some instances. This is most likely to occur if:

- You are required to provide a guarantee; and
- You have exceeded your credit limit; or
- The total amount payable on an entry is more than your remaining credit

- You have lost access to the deferred payment facility due to late payment or default in payment.

If you are required to provide a guarantee then the size of the guarantee will set the level of your credit. It is important to get your credit level right because entries that will make the balance of the account exceed the credit level will be made on a cash entry before a delivery order is issued. These entries will not be on your deferred account. In this respect it is important that you or your Customs Broker monitor your account closely to avoid this occurring.

Approval

All importers can apply to be registered onto the DPS by completing and submitting the following:

1. Application for Deferred Payment Registration form (NZCS 614)
2. Authority to Accept Direct Debits form (NZCS 615)
3. Guarantee for Payment of Sums Due to the New Zealand Customs Service form (NZCS 609)/credit check application fee of \$100 (payable by cheque)
4. Appropriate identification, for example, a Certificate of Incorporation for a company

to: New Zealand Customs Service
National Credit Control Unit
Box 29
Auckland

Copies of these forms are attached.

The credit check application fee is payable to the New Zealand Customs Service. It enables us to obtain a review on your company from an approved credit agency. If your credit check is unsatisfactory you will need to supply a security to obtain approval to be admitted to the DPS. However we will discuss with you the reasons why a security is required. It is also possible to appeal to the Customs Appeal Authority if you are unhappy with the decision.

If approval to go onto the DPS is granted you will receive written confirmation showing your Client Account Number and the credit limit for the account (if applicable). Please check all details and advise the National Credit Control Unit of any errors. You must quote your Client Account Number on each import entry form when clearing your importations and on any correspondence entered into concerning your account. Please also ask your guarantor to quote it when writing to us.

Your account will be held at the National Credit Control Unit, in Auckland.

Securities

No security for payment will be required unless you:

- Are an overseas registered company; or
- Are a trust; or
- Have been cancelled off the scheme and are applying to be reinstated (see the section on reinstatement); or
- Do not receive a satisfactory credit check.

Please note that the term overseas registered company includes a company registered as an overseas company pursuant to Part XVIII of the Companies Act 1993.

The security must be on the New Zealand Customs Service's form. The guarantor can only be a New Zealand based bank or insurance company. Personal or company guarantees are not acceptable. The guarantor agrees to cover each and every sum you defer up to an overall maximum amount, which may, at any time, be outstanding. This amount is your credit limit. It must be enough to cover all your liabilities at any one time.

The amount of security may be varied and you can replace your guarantee with another for a larger or smaller amount. The requirement of the security is subject to review, upon application, after a period of 12 months for new clients and after a minimum of 6 months for reinstated clients.

The amount of security required is a matter for you to decide. However, your guarantee should be for the maximum amount which may, at any time, be deferred. It will, as a general rule, be an amount equal to the deferred charges you are likely to request in any two consecutive accounting periods (months). This is because the amount you defer in the accounting period is not due for payment until 20 days into the next accounting period at which stage you will have seven weeks' imports deferred. The amount of security will become the credit limit of your account.

In relation to trusts, you must specify the type of trusts involved (qualifying, non-qualifying, foreign), its place of domicile, its structure (including the nature of its directorate), and the worth of the trustee company.

If your credit limit is exceeded the Service will endeavour to advise the person who lodged the import entry of the status of your account via telephone. However if you continually exceed your credit limit, then the entries that breach that limit will be treated as "Delivery on Payment", (i.e., cash entries). This will continue until such time as you make a payment that brings the amount owing below the credit limit.

Statements

Immediately following the close of the accounting period, a statement will be printed and dispatched to the address nominated by you at the time you registered. The statement will show:

- Your client account number
- Your name and address
- Period covered by the account
- The date on which each transaction was posted to your account
- The Entry Lodgement Number (for import entries)
- The name of the Customs Broker who cleared that entry and the job number
- The amount of each debit or credit
- The total GST amount included in the statement (to enable you to claim as an input on your GST return)

- The net amount payable and due date. This is deemed to be due notice for the amount and time of direct debit payment as required by standard banking practice
- Note credits, other than refunds/drawbacks, processed after the statement date will effect the amount of the direct debit.

You will be able to check your statement from the importer's copy of import entries lodged by you or your Customs Broker. If you employ a Customs Broker to transact your import clearances, you will need to arrange with the Broker to supply you with sufficient information to enable you to check your statement.

If you need to query your statement contact your Customs Broker first and request the necessary information. If further information is needed contact the New Zealand Customs Service Call Centre, Phone: 0800 428 786, Fax: 0-9-359 6730, E-Mail: feedback@customs.govt.nz, or the National Credit Control Unit, Phone: 0-9-359 6655, Fax: 0-9-359 6604.

Payment

Payment must be made by direct debit. You may make partial payments during your accounting cycle.

If payment is not received in full by the due date:

- Under Section 87 of the Customs and Excise Act 1996 an additional duty of five percent of the unpaid amount shall be charged
- A further, compounding, additional duty of two percent shall be charged for each succeeding month the debt remains unpaid
- The deferred payment facility will be automatically withdrawn
- Future importations will require payment to be made before delivery from Customs control is given
- Guarantees that may be held will be called up
- The New Zealand Customs Service is entitled to:
 - (a) take possession of the goods and sell them to offset outstanding payments
 - (b) undertake proceedings to recover the debt.

Reinstatement

Unconditional reinstatement of your account will take place when the non payment was due to a genuine error and where that error is rectified immediately. To obtain reinstatement, clients who fail to meet the unconditional reinstatement criteria will need to satisfy the following:

- The Deferred Payment account is to be paid in full, not just the stated amount; and
- You will need to provide an approved guarantee.

Where the client's guarantee has to be enforced the following will result:

- The client's deferred payment facility will be withdrawn
- Payments will need to be made by bank cheque; and
- Reinstatement will only be considered after a minimum of six months once an approved guarantee and agreement to make payment by direct debit is provided.

Refunds

All duty refunds will appear on your Deferred Payment Statement and will automatically reduce the amount due for payment on that statement.



Te Mana Arai o Aotearoa

APPLICATION FOR DEFERRED PAYMENT REGISTRATION

Please read the Deferred Payment Fact Sheet before completing this form

Return to : **New Zealand Customs Service**
National Credit Control Unit
Box 29
AUCKLAND

Full Legal Name of Business:

Trading name (if different):

GST / IRD Number: Importer / Client Code:

Type of Goods Imported:

- Is your business a:
- (a) **NZ Registered Company**
Certificate of Incorporation required
 - (b) **Overseas Registered Company**
Companies Act 1993 Part XVIII Certificate required
 - (c) **Partnership**
Full names of Partners required
 - (d) **Sole Trader**

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Street address of business:
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Postal address for statements:
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Phone:
Fax:

Attention:

The name and address of your Accountant:
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The name and address of your Solicitor:
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.....

Phone:

Phone:

Please complete the details on the reverse of this form

EITHER:

The name and address of the NZ based Bank / Insurance Company providing your Guarantee
(compulsory for overseas registered companies).

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.....

Phone:

OR:

Have you enclosed your credit check fee * YES / NO

Please list any associated companies/businesses:

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.....

Contact name and phone number for operation of the account:

Name: Phone: Fax:

Declaration

Full name and position of person making this Declaration:

.....
Surname First Names Title (e.g. Director, Owner, etc.)

I declare that the above particulars are true and correct.

Signed: Dated:

(* A Credit Check is to be provided by an agency approved by the New Zealand Customs Service) see above.

Check List

- Application completed in full and signed.
- Guarantee or a credit check.
- Direct Debit Form completed and enclosed.
- For a Company - a copy of the Certificate of Incorporation.
- For an Overseas Company - Companies Act 1993 Part XVIII Certificate.
- For a Sole Trader / Partnership - evidence of identity is required (e.g. copy of passport or drivers licence).

Your Application will be held in abeyance until ALL completed documents have been received.



AUTHORITY TO ACCEPT DIRECT DEBITS

(Not to operate as an assignment or agreement)

Te Mana Arai o Aotearoa

NEW ZEALAND CUSTOMS SERVICE DEFERRED PAYMENT ACCOUNT NAME

IMPORTER/CLIENT CODE

NEW DIRECT DEBIT CHANGE OF BANK

AUTHORISATION CODE

0 3 0 1 7 4 3

DETAILS OF THE BANK ACCOUNT YOU NOMINATE TO BE DEBITED (*Customer to complete*)

Account Holders Name

Account Number

Bank

Branch Number

Account Number

Suffix

Date: _____

Bank Name

Bank Branch

Branch Address (Street, Postal, Town)

I/We authorise you until further notice in writing to debit my/our account with you all amounts which

New Zealand Customs Service

(hereinafter referred to as the Initiator)

the registered Initiator of the above (Authorised Code 0301743), may initiate by Direct Debit. I/We acknowledge and accept that the bank accepts this authority only upon the conditions listed on the reverse of this form.

INFORMATION TO APPEAR ON MY/OUR BANK STATEMENT (*To be completed by the Initiator*)

Payer Particulars

Payer Code

Payer Reference

Authorised by holder(s) of the above nominated bank account (*Customer to complete*)

Authorised Signature(s) _____

FOR BANK USE ONLY:

APPROVED

0174

03 | 94

Date Received:

Recorded By:

Checked By:

BANK STAMP

Original—Retain at Branch

Copy—Forward to initiator (if requested)

Please complete this form and attach a deposit slip for your bank account, and send it to the New Zealand Customs Service National Credit Control Unit, Box 29, Auckland. Phone: 0-9-359 6670, Fax: 0-9-359 6604

CONDITIONS OF THIS AUTHORITY TO ACCEPT DIRECT DEBITS

1. The Initiator:-

- (a) Has agreed to give written advance notice to the Acceptor of the net amount of each Direct Debit and the due date of the debiting at least* **business days before** the date when the Direct Debit will be initiated. The advance notice will include the following message:-

"The amount of \$....., will be direct debited to your Bank account on (initiating date)."

* minimum 2 business days.

- (b) May, upon the relationship which gave rise to this Authority being terminated, give notice to the Bank that no further Direct Debits are to be initiated under the Authority. Upon receipt of such notice the Bank may terminate this Authority as to future payments by notice in writing to me/us.

2. The Customer may:-

- (a) At any time, terminate this Authority as to future payments by giving written notice of termination to the Bank and to the Initiator.
- (b) Stop payment of any Direct Debit to be initiated under this Authority by the Initiator by giving written notice to the Bank prior to the Direct Debit being paid by the Bank.

3. The Customer acknowledges that:-

- (a) This Authority will remain in full force and effect in respect of all Direct Debits passed to my/our account in good faith notwithstanding my/our death, bankruptcy or other revocation of this Authority until actual notice of such event is received by the Bank.
- (b) In any event this Authority is subject to any arrangement now or hereafter existing between me/us and the Bank in relation to my/our account.
- (c) Any dispute as to the correctness or validity of an amount debited to my/our account shall not be the concern of the Bank except in so far as the Direct Debit has not been paid in accordance with this Authority. Any other dispute lies between me/us and the Initiator.
- (d) The Bank accepts no responsibility or liability for the accuracy of information about Direct Debits on Bank Statements.
- (e) The Bank is not responsible for, or under any liability in respect of:-
- any variations between notices given by the Initiator and the amounts of Direct Debits.
 - the Initiator's failure to give written advance notice correctly nor for the non-receipt or late receipt of notice by me/us for any reason whatsoever. In any such situation the dispute lies between me/us and the Initiator.

4. The Bank may:-

- (a) In its absolute discretion conclusively determine the order of priority payment by it of any monies pursuant to this or any other Authority, cheque or draft properly executed by me/us and given to or drawn on the Bank.
- (b) At any time terminate this Authority as to future payments by notice in writing to me/us.
- (c) Change its current fees for this service in force from time-to-time.



Te Mana Arai o Aotearoa

GUARANTEE FOR PAYMENT OF SUMS DUE TO THE NEW ZEALAND CUSTOMS SERVICE

Name and Address of Guarantor

To the Comptroller of Customs

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In consideration of the Comptroller allowing payment of duties, taxes, levies, charges, and amounts to be deferred to such payment days as may be approved by the Comptroller by

..... of
(Name of Applicant) (Address of Applicant)

..... ("The Guarantor") agrees with the Comptroller as follows:-
(Name of Guarantor)

1. The Guarantor guarantees to pay to the Comptroller immediately on receipt of a written demand by the Comptroller each and every sum for which deferment has been allowed and has become a debt due to the Crown by the applicant during the continuance of this guarantee. Provided that no such demand shall be made prior to the payment day approved by the Comptroller for payment of such debt.
2. Any time or other indulgence granted by the Comptroller to the applicant in connection with payment of any amount or observance of any condition or any failure to collect or demand payment of any deferred sum shall not in any way affect this guarantee.
3. The liability of the guarantor shall be limited as follows:-
 - (i) The liability shall not exceed the sum of the amount of duty, taxes, levies and charges which may at any time be a debt due to the Crown.
 - (ii) The overall liability of the Guarantor shall not exceed the amount of
..... dollars (\$)
(Amount in Words)
4. If not less than seven days written notice of termination of this guarantee is given by the Guarantor to the Comptroller by delivering such notice to the Comptroller at the address shown above then all further liability shall cease as from the date of expiry of the notice or such earlier date within the period of such notice as the Comptroller may allow except for any liability arising hereunder before that date.
5. At any time during the continuance of this guarantee the liability of the Guarantor may be terminated immediately upon receipt of a notice of termination and by payment to the Comptroller of all monies for which the Guarantor is liable under the guarantee up to the date payment is made.
6. Subject to clauses 4 and 5 this guarantee shall commence on day of 20 and shall remain in force until terminated by the Guarantor

Dated this day of 20

For
(Name of Guarantor)

Signature (Description of Signatory)