

DEFERRED PAYMENT SCHEME

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

Importers may be considered for approval by the New Zealand Customs Service to be admitted to the DPS.

WHAT ARE THE MAIN ADVANTAGES TO IMPORTERS?

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

WHAT CHARGES CAN BE DEFERRED?

All charges that are accounted for on Customs import entries can be deferred:

- » Customs Duty.
- » GST.
- » HERA Levy.
- » ALAC Levy.
- » Import Entry Transaction Fee.
- » Ministry for Primary Industries Biosecurity Risk Screening Levy.

WHAT CHARGES CANNOT BE DEFERRED?

You cannot use this facility to defer payment for charges relating to:

- » Simplified Import Entries, unless an importer code is used.
- » Assessment Notices.
- » Temporary Import Entries.
- » Sight Entries.
- » Additional Duty Notices.

HOW LONG CAN PAYMENT BE DEFERRED?

The DPS operates on the basis of one accounting period. A statement is issued at the end of the month, with payment due by the 20th of the following month. The charges deferred during any one accounting period must be paid in full by the payment due date.

HOW DO I USE THE SCHEME?

- » You can use your account at any Customs Port in New Zealand. Deferred payment can be requested by recording your Deferred Payment Client Account Number (client code) on your Customs import entry at the time of lodgement.
- » The debt will be raised and posted to your account at the time the entry is passed. Entries are passed automatically by Customs following satisfactory completion of the entry processing checks.

CAN CUSTOMS REFUSE DEFERMENT OF CHARGES?

Deferment of charges may not be granted in some instances. This may occur if:

- » you are required to provide a guarantee.
- » you have exceeded your credit limit.
- » the total amount payable on an entry is more than your remaining credit.
- » access to the deferred payment facility has been closed due to late or non-payment.

- » any other reason that Customs sees fit.

Generally, the amount of any guarantee will equal the credit level required.

It is therefore important to ensure that the credit level is correctly assessed; otherwise entries that exceed this level will be processed on a cash basis before delivery of the goods is authorised.

As such entries will not be recorded on the deferred account, it is important that you or your customs broker regularly monitor the account to ensure that an adequate credit level is maintained.

HOW DO I APPLY FOR ADMISSION TO THE SCHEME?

Send the following to New Zealand Customs Service, National Credit Control Unit, PO Box 29, Auckland 1140:

- » Completed *Application for Deferred Payment Registration form (NZCS 614)*.
- » Completed *Authority to Accept Direct Debits form (NZCS 615)*.
- » A copy of the Certificate of Incorporation for a registered company.
- » Personal identification of the person signing the application i.e. a copy of the applicant's birth certificate, New Zealand passport, or driver's licence.
- » The applicant will be required to provide evidence of the registration of any security in terms of the Personal Property Securities Act 1999.



If admission to the DPS is granted, you will receive written confirmation showing your client code, IRD number, bank account number, company registration number, contact details and credit limit. Please check all details and advise the NCCU of any errors. You must quote your client code on each import entry form when clearing your importations and on any correspondence with Customs relating to the account. Your account and corresponding file will be administered by the NCCU in Auckland.

WHAT ADDITIONAL INFORMATION SHOULD A TRUST SUPPLY?

- » A copy of the trust deed.
- » The type of trust involved (qualifying, non-qualifying, foreign).
- » Its place of domicile.
- » Its structure (including the nature of its directorate).
- » The worth of the trustee company.

WHAT SECURITY IS REQUIRED?

A security for payment will usually be required for the following:

- » A company registered overseas pursuant to Part 18 of the Companies Act 1993.
- » A New Zealand registered company where all of its directors reside outside New Zealand.
- » A Trust.
- » A company that is insolvent and/ or a person who is, or has been, the subject of a bankruptcy administration.
- » A company that has been trading for less than nine months.

A bank guarantee must be executed on or in the format of the Customs form *Guarantee for Payment of Sums Due to the New Zealand Customs Service* (NZCS 608).

- » The guarantor must be a New Zealand based bank or finance company acceptable to

Customs. Customs may also consider a cross guarantee in the same form executed by a creditworthy New Zealand registered company with a director resident in this country.

- » The guarantor must agree to cover each and every sum deferred, up to an overall maximum amount, which may be outstanding at any time. The maximum amount (the account credit limit) must be sufficient to cover all liabilities likely to occur at any one time.
- » The level of security required must be appropriate to the applicant's and Customs' foreseeable requirements. This is usually a sum equivalent to the anticipated deferred charges for any two consecutive accounting period (months). In assessing this amount, it should be noted that any sum deferred in a month is not due for payment until the 20th day of the following month, by which time the total period of deferment could be up to seven weeks.

WILL I RECEIVE REGULAR STATEMENTS?

At the end of each month a statement will be generated and posted or emailed to the address advised by you at the time you registered. The statement will show:

- » your client code.
- » credit limit.
- » the period covered by the statement.
- » the date on which each transaction was posted to your account.
- » the reference number for the import entries.
- » the name of the customs broker who cleared that entry and the corresponding broker job number.
- » the amount of each debit or credit.
- » the total GST amount included in the statement.
- » import transaction fee.
- » Ministry for Primary Industries Biosecurity Risk Screening Levy.

- » 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 under standard banking practice.)

You will be able to check your statement from the importer's copy of import entries lodged. If you employ a customs broker to transact your import clearances, you will need to arrange with the customs broker to supply you with the information. If further assistance is required, contact the Customs National Contact Centre, phone: 0800 428 786, fax: 09 927 8017, email: feedback@customs.govt.nz, or the NCCU, phone: 09 927 8607, fax: 09 927 8017. email: creditlimit@customs.govt.nz

HOW DO I PAY?

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

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

- » Under Section 87(1) of the Customs and Excise Act 1996, an additional duty of 5 percent of the unpaid amount shall be imposed.
- » Compounding additional duty of 2 percent shall be imposed for each successive month the debt remains unpaid.
- » The deferred payment facility will be automatically withdrawn.
- » Customs charges payable on any future importations will be required before delivery from Customs control is given.
- » Guarantees held may be brought to charge.
- » Customs reserves its right to:
 - » Take possession of uncustomed goods and to sell them in satisfaction of the charge (duty constitutes a charge on goods).
 - » Undertake any further or other enforcement action it sees fit.

WHAT HAPPENS IF A GUARANTEE HAS TO BE BROUGHT TO CHARGE?

- » The deferred payment facility will be withdrawn.
- » Payments will need to be made by bank cheque or cash.

CAN MY ACCOUNT BE REINSTATED?

Reinstatement of your account may be considered where the payment default of the account was due to a genuine error that is rectified immediately. If you fail to meet the reinstatement criteria, you will be required to:

- » Make payment of the deferred account in full, including the statement amount.
- » Provide an approved guarantee. Customs may review this upon written application after a minimum of six months.

FOR FURTHER INFORMATION

Contact your nearest office of the New Zealand Customs Service, visit the Customs website www.customs.govt.nz or call National Credit Control Unit on 09 927 8607 or the Contact Centre on 0800 428 786 (0800 4 CUSTOMS).

FREQUENTLY ASKED QUESTIONS:

HOW DO I OBTAIN A COPY OF A DEFERRED PAYMENT STATEMENT?

Current statements will not be faxed out in duplication of those already posted. Copies of historic statements can be posted out upon receipt of a written request received on your organisation's letterhead. Please fax your request to 09 927 8607 or email creditlimit@customs.govt.nz.

HOW DO I FIND OUT THE DUTY/GST SPLIT ON THE DEFERRED PAYMENT STATEMENT?

Please phone the National Contact Centre on 0800 4 CUSTOMS (0800 428 786).

HOW DO I RECONCILE INCORRECT DEBITS THAT APPEAR ON THE DEFERRED STATEMENT?

Please refer to your customs broker to request cancellation of the relevant entry from your account. To ensure the incorrect amount is not debited from your bank account, please contact the National Credit Control Unit (NCCU) on 09 927 8607 for assistance.

HOW CAN I CONFIRM AN ACCOUNT BALANCE?

Advice concerning account balances can be obtained at any time by contacting National Contact Centre or NCCU. Please note that the close off time for the deferred payment statement is 6:00pm on the last day of the month. Therefore any figure obtained before that time may differ from the final figure that appears on the statement.

WHERE CAN I GET INFORMATION FOR ACCOUNT RECONCILIATION?

Please refer to your customs broker for details of any debits that appear on the deferred payment statement, or to provide you with copies of invoices/import entries referred to on the statement. If you cannot obtain this information from your broker, please contact the National Contact Centre for assistance.

WHY IS THERE A DIRECT DEBIT OF LESS THAN THE AMOUNT SPECIFIED ON THE STATEMENT?

These discrepancies may occur if your customs broker has requested that an entry be adjusted after the statement has been generated. The entry adjustment may raise a credit, which will appear on the subsequent deferred payment statement, and is taken into account in the current direct debit run. Or if a partial payment was made to top up the deferred account before the direct debt run, this will also reduce the amount that will be direct debited. If required, you should request details of any entry adjustments from your customs broker.

WHAT HAPPENS IF I CHANGE BANK ACCOUNTS?

You must complete a new direct debit form (NZCS 615). This form is available on the Customs website www.customs.govt.nz or contact the NCCU on 09 927 8607. Send the completed **original** direct debit form to:

National Credit Control Unit,
New Zealand Customs Service

- » By courier — Ground floor, Customhouse, 50 Anzac Avenue, Auckland 1010.
- » By post — PO Box 29, Shortland Street, Auckland 1140.

Please note that the banking system will only accept original direct debit forms bearing authorised signatures. Any completed forms that are emailed or faxed will be rejected

Note:

To allow sufficient lead time for the changes to be processed by the NCCU and the bank, the completed form must be received by the NCCU at least 10 working days before the direct debit is due to run.

WHAT CAN I DO ABOUT AN ENTRY HELD DUE TO INSUFFICIENT CREDIT?

Customs’ database will automatically process an import entry that exceeds the credit limit by no more than 10 percent. If an entry does exceed the credit limit by more than 10 percent, it will automatically be rejected. There are two ways in which a rejected entry could be entered for processing:

- » Upon re-lodgement, the payment status of the entry is changed to cash and processed. However, delivery would not occur until payment is received.
- » A cheque of sufficient value to enable the entry to be processed must be delivered to the NCCU crediting to the relevant deferred payment account.

CAN I APPLY FOR AN INCREASE IN CREDIT LIMIT?

Applications must be in writing and can be faxed to 09 927 8017 or emailed to creditlimit@customs.govt.nz. Customs will contact you if evidence of your organisation’s current financial position is required.

WHAT HAPPENS IF I CHANGE MY ADDRESS?

Please fax or email the new address to the NCCU, fax: 09 927 8607 or email: creditlimit@customs.govt.nz

WHAT HAPPENS IF THE COMPANY CHANGES ITS NAME?

Please fax or email a copy of the company’s certificate of incorporation with the company’s client code to NCCU on 09 927 8017 or email it to creditlimit@customs.govt.nz .

For queries or comments concerning any of the above, phone: 09 927 8607, email: creditlimit@customs.govt.nz, or fax: 09 927 8017.