



Te Mana Arai o Aotearoa

NEW ZEALAND CUSTOMS SERVICE

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.

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

The principal 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, an account is established with the New Zealand Customs Service which facilitates settlement of one month's transactions by one payment.

Deferrable Charges

These include all charges accounted for on Customs import entries. These are:

- Customs Duty
- GST
- HERA Levy
- ALAC Levy
- Import Transaction Fee.

The DPS cannot however be used to defer payment of charges on simplified import entries, unless an importer code is used.

Period of Deferment

The DPS operates on the basis of one accounting period: a statement is issued following the last day 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 total by the payment due date.

Procedure

The DPS account may be used at any Customs Port in New Zealand. Deferred payment can be requested by recording the Deferred Payment Client Account Number on the Customs import entry at the time of lodgement to clear goods. If deferment is requested, it must be in respect of all deferrable charges on the entry. This is the amount which appears in the total amount payable field on the import entry.

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

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

- A guarantee is required;
- The account credit limit has been exceeded;

- The total amount payable on any entry is more than the remaining credit;
- Access to the deferred payment facility has been closed due to either late payment or default in payment.

Generally, the amount of any guarantee required will correspond to the credit level sought. 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 importers and/or customs brokers regularly monitor the account to ensure that an adequate credit level is maintained.

Approval

All importers may 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). **NB:** The credit check application fee is not required where all of a company's directors reside outside New Zealand and/or the company records a registered director's debenture. In these situations a bank or equivalent guarantee will likely be required;
4. Copy Certificate of Incorporation for a registered company.

(Copies of the NZCS forms mentioned above are attached).

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

Where applicable, the credit check application fee (payable to the New Zealand Customs Service) enables the New Zealand Customs Service to obtain a review of a company through an approved credit agency. Unsatisfactory credit reports will necessitate the company providing a bank or equivalent guarantee before admission to the DPS will be considered. The reasons for the requirement of any security will be provided to the applicant. Provision exists for the decision of the New Zealand Customs Service to be appealed to a Customs Appeal Authority.

If admission to the DPS is granted the applicant will receive written confirmation of the relevant Client Account Number and account credit limit (if applicable). The account holder will be required to confirm the correctness of the account details and to advise the National Credit Control Unit of any amendments. The Client Account Number must be recorded on each import entry form when clearing importations and on any correspondence with the New Zealand Customs Service relating to the account. This requirement also applies to any account guarantor.

The account and corresponding file will be held and maintained by the National Credit Control Unit at Auckland.

Securities

A security for payment will generally not be required, **save for:**

1. An overseas registered company;
2. A New Zealand registered company having all of its directors residing outside New Zealand;
3. A trust;
4. An entity cancelled off the scheme that is applying to be reinstated (please refer to the section on reinstatement);
5. An entity in receipt of an unsatisfactory credit check;
6. A company that is insolvent and/or an undischarged bankrupt.

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.

A bank guarantee that is required must be executed on or in the format of the relevant NZCS form. The guarantor must be a New Zealand based bank or insurance company. In appropriate circumstances the New Zealand Customs Service may consider accepting other forms of security; examples: standby letter of credit; personal guarantee and indemnity; letter of comfort. The guarantor must agree to cover each and every sum deferred up to an overall maximum amount which may, at any time, be outstanding. The maximum amount (the account credit limit) must be sufficient to cover all liabilities likely to occur at any one time. The applicant will be required to provide evidence of the registration of any security in terms of the Personal Property Securities Act 1999.

Upon request, the amount of a security may be amended and/or a security may be substituted for another.

NB: This arrangement does not apply to the exceptions numbered 1, 2, 3 and 6 listed above under "Securities".

The requirement of a security in respect of new account holders is, upon application, subject to review—usually after a minimum period of 12 months. For reinstated clients, the minimum review period is usually six months.

The level of security required must be appropriate to the applicant's and the New Zealand Customs Service requirements. The amount of the guarantee should however relate to the maximum sum which may, at any time, be deferred (this is usually a sum equivalent to the anticipated deferred charges for any two consecutive

accounting cycles (months)). In assessing this amount it should be noted that any sum deferred in an accounting cycle is not due for payment until the 20th day of the following accounting cycle, by which time the total period of deferment could be up to seven weeks.

Concerning trusts, the applicant must, at a minimum, specify the type of trust involved, its place of domicile, its structure (including the nature of its directorate) and the worth of the trustee company.

Statements

Immediately following the close of the accounting period a statement will be printed and despatched to the address advised by the applicant upon registration. The statement will record the:

- Client account number, name, and address;
- Period covered by the account;
- Date on which each transaction was posted to the account;
- Entry Lodgement Number (for import entries);
- Name of the customs broker who cleared the entry/entries and the corresponding broker job number(s);
- Amount of each debit or credit;
- Total GST amount included in the statement (to facilitate input claims on GST returns);
- Import Transaction Fee;
- 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.

NB: Credits (other than refunds/drawbacks) processed after the statement date will effect the amount of the direct debit.

Statements may be verified from the importer's copy of the import entries lodged by the importer or Customs broker. If a broker acts on behalf of the importer, arrangements should be made for the broker to provide the importer with the information necessary for account reconciliation.

Any account queries should first be directed to the Customs broker. If further assistance is required, queries may be directed to 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**.

Partial payments may be made by arrangement with the National Credit Control Unit during the accounting cycle.

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

- Under section 87(1) of the Customs and Excise Act 1996 additional duty of five percent of the unpaid amount shall be imposed;
- Compounding additional duty of two percent shall be imposed for each successive month the debt remains unpaid;

- The deferred payment facility will automatically be withdrawn;
- Duty payable on any future importations will be required before delivery from Customs control is given;
- Guarantees held may be brought to charge;
- The New Zealand Customs Service reserves its right to:
 - (a) take possession of uncustomed goods and sell them in satisfaction of the charge (duty constitutes a charge on goods);
 - (b) undertake whatever enforcement action it sees fit.

Reinstatement

Unconditional reinstatement of the account may be considered where non-payment was due to a genuine error that is immediately rectified. To obtain reinstatement, clients who fail to meet the unconditional reinstatement criteria will be required to:

- Make payment of the deferred account **in full**, including the statement amount;
- Provide an approved guarantee;

Where the client's guarantee is brought to charge, the following will occur:

- The deferred payment facility will be withdrawn;
- Payments will need to be made by bank cheque;
- Reinstatement will only be considered after a minimum period of six months, conditional upon an approved guarantee and agreement to make payment by direct debt being provided.

Refunds

All duty refunds that appear on the Deferred Payment Statement will be automatically offset against the amount due for payment on the statement.



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

Te Mana Arai o Aotearoa

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)



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 of Registration required

(c) **Partnership**
Identification and full name of all Partners required

(d) **Sole Trader**
Identification required

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.....

Street address of business:
.....
.....
.....
.....

Postal address for deferred statements:
.....
.....
.....
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Phone:

Contact person:

Fax:

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 New Zealand based Bank/Insurance Company providing your Guarantee.

(Compulsory for overseas registered companies and may be required for New Zealand registered companies whose director(s) and/or shareholder(s) reside outside New Zealand, and Trusts.)

.....
.....
.....

Phone:

OR:

Have you enclosed your credit check fee of \$100.00

YES / NO

Please list any associated companies/businesses:

.....
.....
.....

Contact details for operation of the deferred account:

Name: Phone: Fax:

Declaration

Full name of director/s or partner/s or sole trader making this declaration:

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

I declare that the above particulars are true and correct.

Signed: Dated:

Check List

- Application completed in full and signed.
- Guarantee or a credit check fee.
- Direct Debit Form completed and enclosed.
- For a Company—a copy of the Certificate of Incorporation.
- For an Overseas Company—Certificate of Registration under the Companies Act 1993 (Part XVIII).
- For a Partnership and/or Sole Trader—evidence of identity is required (e.g. copy of passport or drivers licence).
- Please indicate the credit level required to cover Customs duty/GST for a two month period \$

If necessary, your application will be held in abeyance until ALL documents have been received and completed to Customs' satisfaction.



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) _____

APPROVED

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FOR BANK USE ONLY:

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.