



NUMBER

17

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 (Customs) 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 Transaction Fee.
- MAF 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 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 limit required. It is therefore important to ensure that the credit limit is correctly assessed; otherwise entries that exceed this limit 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 limit 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:

- Completed *Application for Deferred Payment Registration form (NZCS 614)*.
- Completed *Authority to Accept Direct Debits form (NZCS 615)*.
- Credit check application fee of \$112.50 (GST inclusive) payable by cheque to Customs. (This enables Customs to obtain a credit review on your company from an approved credit agency. If your credit check is unsatisfactory you will need to provide a bank or equivalent guarantee to obtain approval to be admitted to the DPS. However we will discuss with you the reasons why a security is required. A person dissatisfied with the decision to require a guarantee may appeal against that decision to a Customs Appeal Authority. Details of this process will be provided upon request.)

Note:

The credit check application fee may not be required where:

- A company is registered overseas.
- All of the directors of a company reside outside New Zealand.
- A company is controlled by a Trust.
- A company is insolvent.
- A company has been trading for less than nine months.

In these situations a bank or equivalent guarantee would usually be required (please contact the National Credit Control Unit (NCCU) to confirm this).

- 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, driver's licence or recent utility statement recording the applicant's name and current address.
- 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, postal address 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 be required for the following:

- A company registered overseas pursuant to Part XVIII of the Companies Act 1993.
- A New Zealand registered company where all of its directors reside outside New Zealand.
- A Trust.
- An entity in receipt of an unsatisfactory credit check.
- 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.
- For an entity in receipt of an unsatisfactory credit check, upon request, the amount of a security may be amended and/or one security may be substituted for another.
- 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 printed and posted 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.
- MAF 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.)

Note:

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

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 Call Centre (NCC), Phone: 0800-428 786, Fax: 09-359 6730, Email: feedback@customs.govt.nz, or the NCCU, Phone: 09-359 6360, Fax: 09-359 6604, Email: creditlimit@customs.govt.nz.

How do I pay?

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

Deferred Payment Scheme

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 09-359 6604 or post to PO Box 29, Shortland Street, Auckland 1140.

How do I find out the Duty/GST split on the deferred payment statement?

Please phone the National Call Centre (NCC) 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 09-359 6360 for assistance.

How can I confirm an account balance?

Advice concerning account balances can be obtained at any time by contacting the NCC or NCCU. Please note that the close off time for the deferred payment statement is 6:00 pm 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 NCC 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 appears on the subsequent deferred payment statement, and is taken into account in the current direct debit run. 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 online in the library section of the Customs website www.customs.govt.nz or contact the NCCU on 09-359 6360. Send the completed **original** direct debit form to:

National Credit Control Unit, New Zealand Customs Service

- By courier – Level 8, 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 09-359 6604 or emailed to creditlimit@customs.govt.nz. Customs will contact you if evidence of your organisation's current financial position is required.

For queries or comments concerning any of the above,
Phone: 09-359 6360, Email: creditlimit@customs.govt.nz,
or Fax: 09-359 6604.



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

Name and Address of Guarantor

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.....

.....

To the Comptroller of Customs

(New Zealand Customs Service, PO Box 29, Shortland Street, Auckland 1140)

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

..... of

(Name of Applicant) (Address of Applicant)

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

1. The Guarantor guarantees to pay to the Comptroller of Customs immediately on receipt of a written demand by the Comptroller of Customs each and every sum due and payable under the Customs and Excise Act 1996, including 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 of Customs for payment of such debt.
2. Any time or other indulgence granted by the Comptroller of Customs 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 or any other sum due and payable under the Customs and Excise Act 1996 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 one calendar month written notice of termination of this guarantee is given by the Guarantor to the Comptroller of Customs by delivering such notice to the Comptroller of Customs 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 of Customs 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 Customs of all monies for which the Guarantor is liable under the guarantee up to the date payment is made.
6. This guarantee shall commence on the day of 20..... and shall remain in force until terminated by the Guarantor in accordance with clause 4 or 5.

Dated this day of 20.....

For

(Name of Guarantor)

Signature (Description of Signatory)



APPLICATION FOR DEFERRED PAYMENT REGISTRATION

Please read the *Deferred Payment Fact Sheet* before completing this form
and contact this office should you have any queries

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

Full legal name of business:

Trading name (if different):

GST / IRD number: .. Importer code:

Please specify goods imported:

.....

Is the business (a) **A New Zealand Registered Company**
Certificate of Registration required (b) **An Overseas Registered Company**
Certificate of Registration and Certificate of Incorporation under the Companies Act 1993 (Part XVIII) required

(c) **Partnership**
Full names and personal identification of all partners required (d) **Sole Trader**
Personal identification required

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.....

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

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

Telephone:

Contact person:

Facsimile:

E-mail address:

Name and address of in-house and/or external accountant:
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Name and address of in-house and/or external solicitor:
.....
.....
.....
.....

Telephone:

Telephone:

Please complete the details on the reverse of this form

EITHER:

The name and address of the New Zealand based bank and/or finance company (acceptable to Customs) and/or related New Zealand parent / subsidiary company (acceptable to Customs) providing a guarantee.

Note: a bank or equivalent guarantee is compulsory for:

- (a) An overseas registered company
- (b) A New Zealand registered company whose director(s) and/or shareholder(s) reside outside New Zealand
- (c) A company that is insolvent
- (d) A trust
- (e) A person who is or has been the subject of a bankruptcy administration
- (f) An entity that is the subject of an unsatisfactory credit check
- (g) An entity that is applying for re-admission to the deferred payment scheme following default under the scheme.

OR:

Have you enclosed your credit check fee of \$112.50 (GST inclusive)? YES / NO

Please list all or any associated companies/businesses/trusts:

Is any individual or entity referred to in this application presently under investigation by, or in dispute with, any government organisation, either in New Zealand or overseas? YES / NO

Contact details for operation of the deferred account:

Name: Designation:

Telephone: Facsimile:

Declaration

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

.....
Surname	First name/s	Designation (e.g., Director, Owner)

I declare that the above particulars are true and correct.

Signed: Dated:

Please **attach** personal identification i.e., Birth Certificate/Current Motor Driver’s Licence/Passport/Utility Account (this includes separate identification for each partner where appropriate).

Check List

- Application completed in full and signed.
- Guarantee or credit check fee.
- Direct Debit Form completed and enclosed.
- For a Company—Certificate of Registration.
- For an Overseas Registered Company—Certificate of Registration and a copy of the Certificate of Incorporation under the Companies Act 1993 (Part XVIII).
- Evidence of identity (as described above) is required.
- Please indicate the credit level required to cover Customs duty/GST for a two-month period \$

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



AUTHORITY TO ACCEPT DIRECT DEBITS

(Not to operate as an assignment or agreement)

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, PO Box 29, Auckland. Phone: 09-359 6360.

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.



