



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.

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.
- Notices of Assessment.

How long can payment be deferred?

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.

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 on your Customs import entry at the time of lodgement.
- If deferment is requested, it must be for all 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 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 is most likely to 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 payment or default in 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, Box 29, Auckland:

- Completed *Application for Deferred Payment Registration form (NZCS 614)*.
- Completed *Authority to Accept Direct Debits form (NZCS 615)*.
- Completed *Guarantee for Payment of Sums Due to the New Zealand Customs Service (Overseas Entities) form (NZCS 608)* or *Guarantee for Payment of Sums Due to the New Zealand Customs Service (New Zealand Entities) form (NZCS 609)* and/or credit check application fee of \$100 payable by cheque to Customs. (This enables us to obtain a 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 that decision to a Customs Appeal Authority. Details of this process would 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 has a registered security (for example, director's debenture).
- a company is controlled by a Trust.
- a company is insolvent.

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. copies of the applicant's birth certificate, New Zealand passport, driver's licence, and a recent utility statement recording the applicant's name and current address.

If admission to the DPS is granted you will receive written confirmation showing your client account number and the account credit limit (if applicable). Please check all details and advise the NCCU of any errors. You must quote your client account number on each import entry form when clearing your importations and on any correspondence with Customs relating to the account. This requirement also applies to any account guarantor.

Your account and corresponding file will be held at 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 (which includes a company registered as an overseas company pursuant to Part XVIII of the Companies Act 1993).
- A New Zealand registered company having all of its directors residing outside New Zealand.
- A trust.
- An entity cancelled off the scheme applying for reinstatement (see below).
- 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 bank guarantee must be executed on or in the format of the relevant Customs form. The guarantor must be a New Zealand based bank or finance company acceptable to Customs. Customs may also consider a guarantee in the same form executed by a creditworthy subsidiary of the applicant company.

- 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 applicant will be required to provide evidence of the registration of any security in terms of the Personal Property Securities Act 1999.
- For an entity cancelled off the scheme applying for reinstatement or in receipt of an unsatisfactory credit check, upon request, the amount of a security may be amended and/or a security may be substituted for another.
- The requirement of the security is subject to review, upon application, usually after a period of 12 months for new clients and after a minimum of six months for reinstated clients.

- The level of security required must be appropriate to the applicant's and Customs' requirements. However, the amount of the guarantee should be for the maximum amount which may be deferred at any time. 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.

Will I receive regular statements?

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

- Your client account number.
- Your name and address.
- The 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 corresponding broker 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).
- Import Transaction Fee.
- 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 by you or your customs broker. 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 necessary for account reconciliation.

If you need to query your statement contact your customs broker first and request the necessary information. If further assistance is required, contact the Customs Call Centre (NCC), Phone: 0800 428786, Fax: 09 359 6730, Email: feedback@customs.govt.nz, or the NCCU, Phone: 09 359 6655, Fax: 09 359 6604.

What happens to refunds and drawbacks?

These transactions will be recorded on your deferred payment statement as credits only.

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 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.
- Duty 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.
- Reinstatement will only be considered after a minimum of six months once an approved guarantee and agreement to make payment by direct debt is provided.

Can my account be reinstated?

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

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

For further information, contact your nearest office of the New Zealand Customs Service, visit the Customs website www.customs.govt.nz, or Call Customs on 0800 428786.

Frequently Asked Questions

How do I obtain a copy of a deferred payment statement?

Current statements will no longer 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 Box 29, Auckland.

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

Phone the NCC on 0800 4 CUSTOMS (0800-428786).

How do I reconcile incorrect debits that appear on the deferred payment statement?

Please refer to your Customs broker to request cancellation of the relevant entry from your account. To ensure that the amount is not direct debited from your bank account, please contact the NCCU on 09-359 6655 for assistance.

How can I confirm an account balance?

Advice concerning account balances can be obtained at any time of the billing cycle. 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. Please contact the NCC on 0800 4 CUSTOMS (0800-428786).

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 on 0800 4 CUSTOMS (0800-428786).

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. The entry adjustment gives rise to 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 cancellations from your Customs broker.

What happens if I change bank accounts?

You must complete a new direct debit form (NZCS 615). Send the completed original direct debit form to:

National Credit Control Unit, New Zealand Customs Service

- by courier—50 Anzac Avenue, Auckland
- by post—Box 29, Auckland.

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?

Upon request, the import entry can be cleared, provided the amount of additional credit does not exceed 10 percent of the existing credit limit and there are no other queries on the entry. Please contact the NCC on 0800 4 CUSTOMS (0800-428786).

Duty/GST amounts exceeding the 10 percent threshold must be settled by way of cash or a company cheque, if acceptable, or a bank cheque. Please contact the NCCU on 09-359 6655.

Can I apply for an increase in credit limit?

Applications must be in writing and can be faxed to 09-359 6604 or posted to Box 29, Auckland. Customs will contact you if evidence of your organisation's current financial position is required.

Note:

As Customs statements are prepared from information received from the importer and/or broker, they must be read in conjunction with the source documentation.



Te Mana Arai o Aotearoa

GUARANTEE FOR PAYMENT OF SUMS DUE TO THE NEW ZEALAND CUSTOMS SERVICE (OVERSEAS ENTITIES)

Name and Address of Guarantor

.....

.....

.....

To the Comptroller of Customs

(.....)

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 seven days 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. 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

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

Name and Address of Guarantor

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To the Comptroller of Customs

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In consideration of the Comptroller of Customs allowing payment of duties, taxes, levies, charges, and amounts to be 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 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 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 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. 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

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 code:

- 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:
Facsimile:
E-mail address:

Contact person:

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

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

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.

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OR:

Have you enclosed your credit check fee of \$100.00? YES / NO

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

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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)
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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.

CONDITIONS OF THIS AUTHORITY TO ACCEPT DIRECT DEBITS

1. The Initiator:-

- (a) Has agreed to give written advice 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.

