



# PORT PARTNERS

(CUSTOMS CLEARANCE) LTD

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## Paying customs duties: Deferment and Flexible Accounting System



Source: [www.gov.uk](http://www.gov.uk)



PP111-CGREEN-V1.0-011019

# Introduction

On the 13<sup>th</sup> March 2019, the UK Government issued a draft version (1.0) of the United Kingdom Tariff.

The draft tariff has set the majority of import duties at 0% for a temporary period of up to 12 months, except for products deemed most sensitive to adjustment costs from international markets or important for strategic considerations, including Fresh bananas and beans.

The UK tariff will take effect only if the UK leaves the EU without an agreement and will set the level of import duty for all goods.

The UK tariff, will in some circumstances, increase the duty liability to your business.

## Paying duty

When importing goods into the United Kingdom (UK), which are subject to customs duties, you must arrange payment of the duties to H M Revenue and Customs (HMRC) at time of import.

These are several ways you can make payments:

1. Deferment account (DAN);
2. Flexible Accounting System (FAS)

## Deferment account

If you regularly import, you can apply for a deferment account to delay the payment of customs charges including: customs duty, excise duty, import VAT and Common Agricultural Levies (CAP)

### The benefit of a deferment account

- You can delay the payment of customs charges for an average of 30 days. The charges you defer during one calendar month must be paid:
  - On the 15<sup>th</sup> of the next month;
  - If the 15<sup>th</sup> is not a working day, on the next working day after it
  
- You do not need to pay charges immediately each time you want to enter your goods into free circulation.

### What you will need

If you wish to apply for a deferment account, you will need to meet the following criteria:

- Be established in the UK;
- Compliant;
- Competent;
- Provide a form of financial security

## Security

The granting of a deferment account depends on the provision of adequate security. HMRC requires security in the form of a guarantee from:

- A bank, insurance company or building society only;
- who must be approved by HMRC to act as a guarantor.

The guarantor agrees to cover each and every sum you defer up to an overall maximum amount in any calendar month. This is known as your deferment limit. The deferment limit must be sufficient to cover all your deferrable liabilities for any calendar month. For example, if your deferment limit is £ 100,000.00, then your guarantee would need to cover £ 200,000.00. This is because the deferred charges are not collected until the 15<sup>th</sup> of the next month.

- Your guarantor is likely to charge you a percentage of the sum guaranteed.

## Application

You can apply for a new deferment account via: <https://www.gov.uk/guidance/apply-for-a-customs-comprehensive-guarantee-to-cover-customs-debts>

## Existing deferment accounts

You can replace your existing guarantee with another for a greater or lesser amount:

- If you have an existing deferment account prior to the 1<sup>st</sup> May 2016 your guarantor can issue a 'Notice of amendment' on form C1201A via: <https://www.gov.uk/government/publications/import-and-export-amendment-to-form-c1201-deferment-guarantee-c1201a>

- If you have an existing deferment account post 1<sup>st</sup> May 2016, your guarantor will need to complete the amendment part of the customs comprehensive guarantee (CCG2) via: <https://www.gov.uk/government/publications/import-and-export-give-a-customs-comprehensive-guarantee-from-an-approved-guarantor-ccg2>

## **Authorising your agent**

You should seek to authorise your agent making entries on your behalf to use your deferment account. This can be done in several ways:

1. Complete form C1207N: this will allow your agent to use your deferment facility whenever they clear goods on your behalf. You can also use this form to authorise your agent to access the guarantee balance available on your deferment account. This is the most efficient method;
2. Complete form C1207S: this provides a specific authority to use your deferment account, on a one-off occasion, which will need to be presented each time the agent uses your deferment facility. This is a less efficient method;
3. Written authority: this is similar to a specific authority, which we will hold on record for use each time. Port Partners 'customer configuration' forms contains a pre-printed written authority section. This requires completing once but is less efficient than a standing authority and does not allow your agent to view your guarantee availability.

## **Authorised Economic Operator (AEO) status**

If you hold AEOC or AEOF status, you could benefit from a 70% reduction to your deferment guarantee. This will reduce the cost of this facility with your guarantor.

## **Flexible Accounting System (FAS)**

A FAS is an accounting system within the Customs Handling of Import, Export Freight (CHIEF) system, which can only be used by agents.

The account is used in a similar way to a bank current account, with the exception that there are:

- No bank charges;
- No interest paid;
- No overdraft facility

### **Port Partners FAS**

You can use Port Partners FAS to pay charges on customs entries using an immediate payment method. This facility offers a solution where your deferment account limit is insufficient to cover the monthly liabilities.

### **How will it work?**

1. You would need to send documentation sufficient to enable Port Partners to calculate the charges due on a specific customs entry;
2. Port Partners would calculate the charges due;
3. Port Partners would need to pre-lodge the customs entry to obtain a unique customs entry number;
4. Port Partners would send you an 'Import Entry Payment Notification' (IEPN) detailing the customs entry number and a payment reference number;
5. You would need to arrange the payment to HMRC;
6. Upon arrival of the goods, the customs entry will auto-arrive and provided the transfer is in the FAS account, the goods will clear customs.

## Arranging payment

You can arrange a payment by BACS or CHAPS to HMRC bank account:

- Account name: HMRC FAS
- Sort code: 08 – 32 – 00
- Account number: 12 00 09 62

In order to ensure HMRC to identify and correctly allocate your transfer to the customs entry, you must include the following information on your transfer:

1. The Entry Processing Unit (EPU) number – a 3-digit code of the port of import;
2. The entry number – a 7-digit unique reference number and the entry date;
3. Our EORI number 'GB291241319000';
4. The IEPN reference number – a 6-digit unique code

### Notes

- The goods will be delayed until the transfer clears into the FAS;
- Payments should be made as early as possible, particularly when arranging transfers on a Friday for goods arriving over the weekend;
- HMRC FAS accounting team will only process payments between the hours of 09:00 and 15:30 Monday to Friday;



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