

Duty Deferment Account Factsheet

Introduction

Import taxes are due when imported goods cross the border. These taxes include VAT, customs duty and excise duty. Payments can be made at the border using the Flexible Accounting System (FAS payment) which is essentially a BACS payment which is dealt with by the agent clearing the goods and can take up to two hours to clear, or they can be delayed using a deferment account.

Businesses can have their own deferment account or use someone else's (usually an agent or forwarder). The advantage of a deferment account is that goods can be cleared straight away and the payments for an entire month are delayed until the 15th of the following month (paid by direct debit). The disadvantages are that you may need a bank guarantee if using your own (often incurs charges) or if you use someone else's they will charge you for the privilege.

How do I apply for a Duty Deferment Account (DDA)?

An application for a DDA can be made online through the Gov.uk website: <https://www.gov.uk/guidance/apply-for-an-account-to-defer-duty-payments-when-you-import-or-release-goods-into-great-britain> by businesses established in the UK. In order to apply you will require the following:

- A UK EORI number
- The business trading name attached to your EORI number
- The registered company number for corporate bodies (from Companies House in the UK)
- The UK address associated with your EORI number
- A correspondence address
- Your UK VAT registration number
- Details of the company director(s) and official(s), including date of birth
- Your estimated potential VAT and Duty debt which you are applying to defer (this will be a monthly value based on the highest value of imports in a year)

You will be required to set up a direct debit and may also want to approve an agent to be able to access the deferment account when doing the clearance. These will be asked for as part of the application.



Will I need to provide a financial guarantee?

You will usually be required to provide a financial guarantee. However, there are two guarantee waivers available, debts under £10k/month and debts over £10k/month. You will need to meet the following conditions and supply financial information to obtain the waiver:

- You have no serious or repeated infringements of customs or tax rules in the past three years
- You have no record of serious criminal offences related to your business activities in the past three years
- You have held positive net assets (excluding goodwill) at the date of your application and for the past three years (or, if shorter, for the period you have been trading)
- You are established in the UK

You are more likely to get a waiver if the amount of duty to be deferred is under £10k/month.

I already have a deferment account/ No Deal DDA, do I need to do anything?

The No Deal DDA was introduced by the Government to assist businesses in the event of a No Deal (no transition period), it did not require a guarantee initially. As there was a deal the accounts were never activated 'currently inhibited' status.

You can activate the No Deal DDA by amending it e.g. obtaining a guarantee or applying for a guarantee waiver <https://www.gov.uk/guidance/cancel-or-amend-your-duty-deferment-account-in-great-britain>.

If you already have a normal deferment account with a guarantee you can apply for the waiver and cancel your current guarantee if approved.

Interaction with Brexit

Without a Free Trade Agreement (FTA) customs duty may be payable on imports from the EU (based on the UK Global Tariff rates). However, with the introduction of postponed import VAT accounting, you will not be required to defer import VAT. Businesses need to understand what the potential duty charges may be a month and ensure they have notified this amount to HMRC and either obtained a waiver or guarantee.

