

Revised Authorized Economic Operator (AEO) Programme

Insight – for Importers & Exporters

February 2020

Introduction

- Central Board of Excise & Customs (CBEC) vide **Circular No. 33/2016-Cus dated 22.07.2016** has introduced a **Three-Tier Revised Authorized Economic Operator (AEO) programme** viz. **AEO-T1; AEO-T2; AEO-T3** which is a combination of earlier two schemes (now superseded) namely:
 - ❑ Accredited Client Programme (ACP) introduced vide Circular No. 42/2005-Cus dated 24.11.2005; and
 - ❑ Authorized Economic Operator (AEO) introduced vide Circular No. 28/2012-Cus dated 16.11.2012.
- AEO Programme is now an advanced programme with enhanced benefits to Importers and Exporters, among others
- **Objective** – *to provide businesses with an internationally recognized quality mark which will indicate their secure role in the international supply chain; and to highlight the Customs procedures of such businesses are efficient and compliant*
- Applicable to those who offer a high degree of security guarantees in respect of their role in supply chain and can demonstrate strong internal control system and willingness to comply with laws administered by CBEC

Prominent Features of AEO Programme

Benefits	T1	T2	T3
High Level of facilitation in imports and exports ensuring shorter cargo release time	✓	✓ ₊	✓ ₊₊
Direct Port Delivery of import containers *	✓	✓	✓
Direct Port Entry of export containers *	✓	✓	✓
ID Cards to authorized personnel for hassle free entry to Customs Houses, CFSs and ICDs	✓	✓	✓
If feasible, separate space will be earmarked in Custodian's premises	✓	✓	✓
Bank Guarantee on indicated %age where required – not applicable on provisional release of seized goods	50%	25%	0
Investigations under Customs, GST (assuming) to be completed in six to nine months	✓	✓	✓
Matters before Adjudicating Authorities to be closed within six months	✓	✓	✓

*depends on number of containers

Prominent Features of AEO Programme

Benefits	T1	T2	T3
Not subjected to regular transactional Post Clearance Audit (PCA); instead onsite PCA will be conducted once in...	2 years	3 years	3 years
Email notification with respect to arrival / departure of vessel carrying applicant's consignments	✓	✓	✓
24/7 clearances on request at all sea ports and airports + No Merchant Overtime Fee (MOT) to be paid	✓	✓	✓
Application for Advance Authorisation on self-declaration and self-ratification basis to exporter	✓	✓	✓
Seal verification / scrutiny of documents by Customs officers would be waived. Consignments would be given out of charge or let export order without scrutiny	×	✓	✓
Priority scanning of selected containers	×	✓	✓
Deferred payment of duty	×	✓	✓
Faster disbursement of drawback within 72 hours of EGM submission	×	✓	✓

Prominent Features of AEO Programme

Benefits	T1	T2	T3
Priority processing of selected Bill of Entries/ Shipping Bills for assessment and/or examination	×	✓	✓
Facility of self-sealing of export goods without having to seek case-to-case permission	×	✓	✓
Faster completion of Special Valuation Branch (SVB) proceedings	×	✓	✓
MRP stickers can be pasted in own premises	×	✓	✓
Access to consolidated import/ export data on ICEGATE	×	✓	✓
Paperless declarations with no supporting documents in physical form	×	✓	✓
Assistant / Deputy Commissioner to be appointed as Client Relationship Manager (CRM) to AEO as a single point contact for all Customs related matters	×	✓	✓
Refund/ Rebate of Customs / GST (assuming) would be granted within ... days of submission of complete documents	×	45 days	30 days

Prominent Features of AEO Programme

Benefits	T1	T2	T3
Trade facilitation by foreign Customs administration with whom India enters into a Mutual Recognition Agreement	×	✓	✓
Containers will not be selected for scanning except on specific intelligence + Top most priority for scanning where selected	×	×	✓
Reliance will be placed on self-certified copies of documents without insisting on producing originals	×	×	✓
Risk based intervention approach to be adopted in case of requirements originating from other Government Agencies / Departments	×	×	✓
On-site examination / inspection on request	×	×	✓
Certificate shall be valid for...	3 years	3 years	5 years

Eligibility Criteria

There are certain essential requirements before anyone can apply under this Programme to become a secure partner with the Customs. These include the potential applicant to be able to address the following issues:

- Threat assessment
- Security plan adapted to the assesses threats
- Procedural measures to prevent illegitimate goods entering the supply chain
- Physical security of buildings and premises used as loading and warehousing sites
- Security of cargo
- Means of transport
- Personnel; and
- Information system

With AEO status, one of the biggest benefits is that such an entity will be known as a 'secure' trader and a 'reliable' trading partner

Typical Standard Operating Procedures (SOPs) to be in place

The following Statement of Procedures need to be available or prepared in case an entity wishes to avail the benefits of the AEO Scheme (these are only representative SOPs):

- Operations – Import, Storage & Export
- Finance Management
- Cargo Security
- Litigation Management
- Document Security
- Treatment of Damaged Goods
- Information Technology Security
- Treatment of waste goods
- Premises Security
- Escalation Matrix
- Personnel Security
- Licenses
- Declarations
- Selection of business partners
- Contracting



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