



AUTHORISED ECONOMIC OPERATOR **(AEO)**

SAFE - Security and Facilitation in global Environment Framework of Standards

EXIM MANAGEMENT SERVICES

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OUR BRANCHES – MUMBAI, NASIK & AHMEDABAD



SAFE - Security and Facilitation in global Environment Framework of Standards

- Growth of global trade and increasing security threats to international cargo
- Shift in Customs focus to secure international trade flow and facilitation.
- To secure and facilitate global trade
- To act as deterrent to international terrorism
- To promote trade facilitations world wide
- To secure revenue collections

SAFE FoS and AEO

- SAFE FoS consists 3 Pillars

Pillar-I deals with Customs to Customs partnership

Pillar-II covers Customs to Business partnership

Pillar-III Customs to other Govt. stake holders

AEO is core part of Pillar-II of SAFE FoS.

- The SAFE Framework sets forth the criteria by which businesses in the supply chain can obtain authorized status as a secure partner.
- Criteria / Requirement incorporated in CBEC Cir. 33/2016 dated 22.07.2016

Need for AEO program

Limitations of the extant ACP/AEO scheme

In-line with the Government's impetus on ease of doing business

Reduced transaction and logistics costs

Faster clearances and reduced paperwork

Provide Indian traders an internationally accepted certification and benefits

Increase in business opportunities

Essential features

Legal compliance norms rationalized

Substantial benefits have been provided

Open to all economic operators, low threshold

Three Tier scheme as opposed to One earlier

Special conditions of SME/MSME's to be taken into account

Objective criteria for any down gradation

Proven compliance trusted and rewarded

Coverage

Anyone handling 25 documents per annum

Should undertake CUSTOMS RELATED WORK

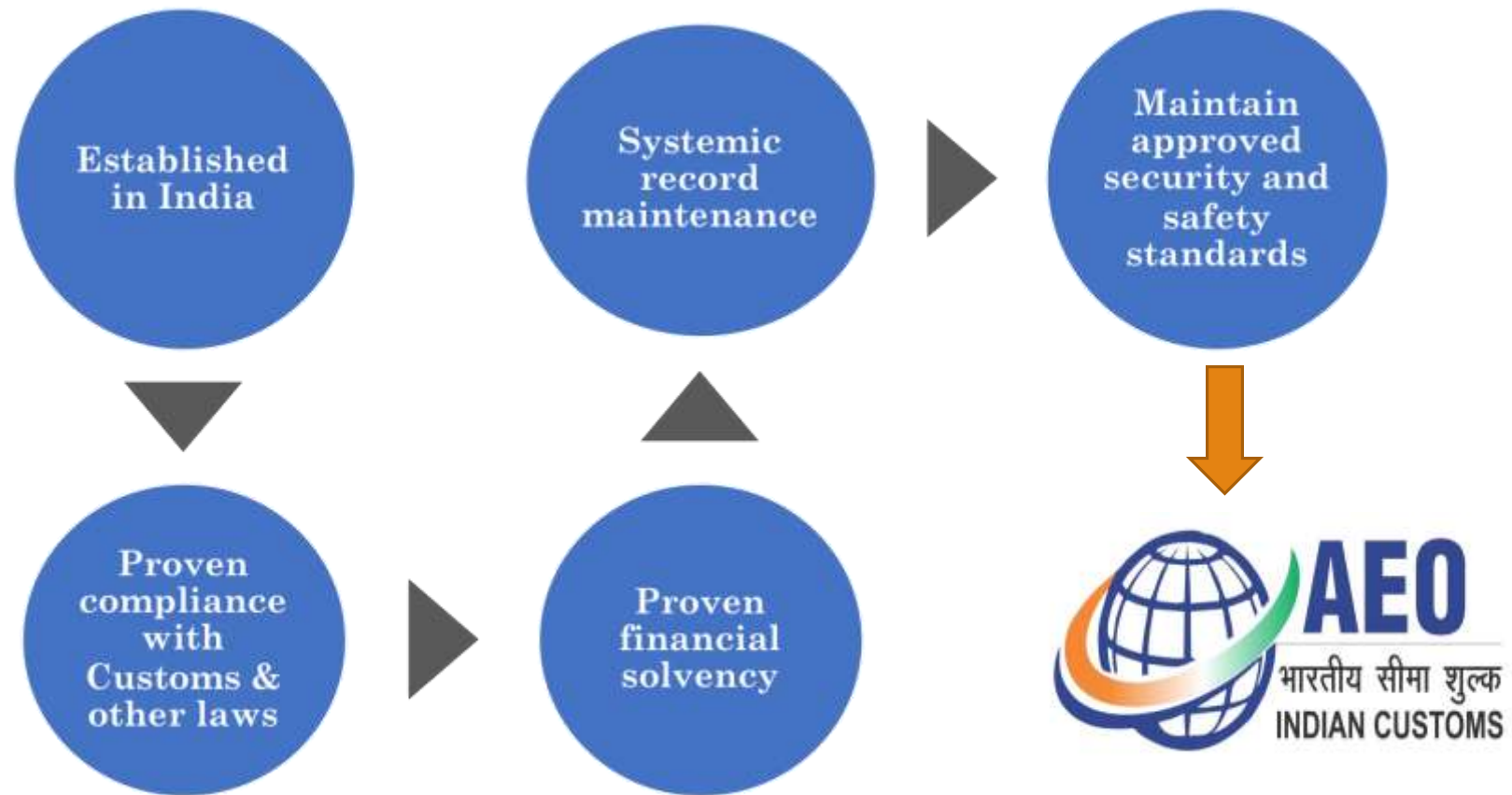
Anyone in international supply chain

Only to legal entity and not group company

Will not be site/branch/division specific

Business activity for three financial years (Can be waived in deserving cases)

Eligibility criteria for a business entity



Who can apply for AEO in supply chain

- **Manufacturer
Exporter/Importer**
- **Logistic Service provider**
- **Warehouse owner**
- **Customs Broker**
- **Custodian**

Three Tiered AEO Certification for Importer/Exporters.

AEO Tier – 1

- Validity for 3 years
- Comply with paras 3.1,3.2,3.3 and 3.4 of the Circular

AEO Tier – 2

- Validity for 3 years.
- Apart from Tier-1 requirement, conditions of para 3.5 also to be fulfilled

AEO Tier – 3

- Validity of 5 years.
- Should have completed 2 years in AEO T-2 OR all the business partners involved should be AEO – T2 holder or AEO- LO

AEO LO

- Validity of 5 years
- conditions as same as AEO T2

Legal Compliance Requirements

Infringements by the applicant or responsible persons should not be criminal in nature

No cases of fraud, forgery, outright smuggling, clandestine removal and service tax collected but not deposited

No prosecution sanctioned or contemplated

Ratio of disputed amounts/actual duty drawback etc should be less than 10 %

AEO – T1 Certificate Norms

Importers/exporters fulfilling the eligibility criteria may apply with

Documents/information pertaining to

- General compliance
- Legal compliance
- Records Maintenance compliance &
- Financial solvency.

If it is found that the records are maintained to the satisfaction of AEO Program Manager then the entity may be awarded the AEO Tier-1 certificate.

AEO – T2 Certificate Norms

In addition to the criteria of AEO- T1, the AEO – T2 applicant should fulfill the following 7 aspects of Safety & Security:

- Procedural Security
- Premises Security
- Cargo Security
- Conveyance Security
- Personnel Security
- Business Partner Security
- Security Training and Threat Awareness

AEO – T2 Certificate Norms.....

Certificate will be awarded to the applicant after : -

1. Claims made in regard to the 7 aspects of security being physically verified by AEO Team.
2. On verification report that the assessment made by the applicant & the documents filed along with application is true and to the satisfaction of the AEO program manager
3. Dates of visit to the places/premises to be decided by mutual consent.

AEO – T3 Certificate Norms

The economic operator should have continuously enjoyed the status of AEO – T2 for at least two years preceding the date of application for AEO – T3 status.

OR

The economic operator must be an AEO – T2 certificate holder and all its Business Partners have to be holders of AEO – T2 or AEO – LO certificates or equivalent granted by a foreign Customs

Rejection of application

- Application shall not be processed if [4.3]:-
 - Incomplete;
 - Not made by the legal person i.e. by legal entity.
 - Where no Authorize person nominated as point of contact for AEO.
 - Applicant is subject to bankruptcy at the time of application.
 - Where previously granted AEO is revoked.
- Applications will rejected where:
 - Applicant is not eligible for grant of AEO status or
 - Where the deficiency noticed in the application cannot be remedied.

AEO Status Tier T1

- High facilitation
- DPD/DPE
- BG 50%
- Expedited investigation-dispute resolution
- On request 24 x 7 at all sea-ports and airports
- OSPCA once in 2 years
- ID cards/ Space in warehouse
- E mail on arrival/departure

AEO Status - Tier T2

- All facilities of Tier I PLUS
- Higher facilitation
- Deferred duty payment
- MRA benefits in other countries
- Waiver of seal verification
- Priority in scanning/assessment
- 25% BG
- On-site inspection/stickers
- Refund/rebate in 45 days
- Faster drawback
- Client Relation Manager
- OSPCA once in 3 years

AEO Status - Tier T3

- All facilities of Tier II PLUS
- Highest facilitation
- Scanning only on intelligence
- Reliance on self certified copies
- No Bank Guarantee
- Risk based intervention by other departments
- Refund/rebate in 30 days
- OSPCA every five years

REVIEW of AEO Status

- AEO Program team to review the status periodically.
- AEO Status holder should continue to reassess its compliance with condition of certification.
- REVIEW period:-
 - AEO T1:- 3 yrs.
 - AEO T2:- 3 yrs.
 - AEO T3:- 5 yrs.
 - AEO LO:- 5 yrs.

Other Main Benefits of AEO

1. Internationally Recognised Certification (recognition in supply chain)
2. Secure and Reliable Business partner (more business)
3. Less Dwell Time (financial saving)

GENERAL COMPLIANCE

- Application by Legal entity of the applicant and not Group of Company.
- No provision for AEO status of specific division, branch site etc. involved in International supply chain.
- Must be in existence for 3 yrs.[Exception] with details of business, places/locations where goods are handled.
- To appoint readily available central point of contact person within the administration of applicant.
- In case of several premises:
 - ❖ If run in similar way , declaration to this regard.
 - ❖ In case of different procedure, than detail of all such location is required.

GENERAL COMPLIANCE

1. Registration certificate issued by the Registrar of Companies or cft. of incorporation etc.
2. Place of loading and unloading of I/E goods and ports/airports/ICD used
3. IEC/ST or C.Ex Registration (**now GST Registration**) , CBA License copy.
4. Type of Business i.e. partnership, proprietor etc.
5. Proof that the business has its own account.
6. Applicant has minimum 25 transactions either of Import or Export transactions



Thank You

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