

Authorised Economic Operator (AEO)

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2010 UCC & HMRC

- AEO updated from the February 2010 version to reflect the changes introduced by the implementation of the Union Customs Code (Regulation (EU) No 952/2013) and its implementing and delegated regulations.
- Eventually HM Revenue and Customs (HMRC) will start to focus controls on supply chains that do not include AEOs and are deemed to be less secure.



Why was the status of AEO introduced?

- The introduction of AEO status is the EU's response to the need to secure international supply chains and the introduction of Customs-Trade Partnership Against Terrorism (C-TPAT) in the USA and the development of the Safe framework of standards in the World Customs Organisation (WCO).
- In 2013 following revalidations held at our U.S. distribution centres and manufacturers in Asia, U.S. businesses, I was granted C-TPAT Tier 3 status, which is the highest security status for importing companies and only achieved by the top 3% of current C-TPAT companies. C-TPAT resulted in a major reduction of marine insurance premiums and \$5.5m reduction in importing costs.
- In 2017 applied for U.S. Trusted Trader status.



Introduction

AEO status is an internationally recognised quality mark indicating that your role in the international supply chain is secure, and that your customs controls and procedures are efficient and compliant.

It isn't mandatory, but it gives quicker access to certain simplified customs procedures and in some cases the right to 'fast-track' your shipments through some customs and safety and security procedures.

You can apply for AEO status for customs simplification (AEOC), AEO status for security and safety (AEOS) or both.

- security and safety (AEOS) - issued to any business that fulfils the criteria of customs compliance, appropriate record keeping standards, financial solvency, and maintains appropriate security and safety standards
- customs simplifications (AEOC) - issued to any business that fulfils the criteria of customs compliance, appropriate record keeping standards, financial solvency and practical standards of competence or professional qualifications directly related to the activity carried out



AEOC Status

If you hold AEOC status, you could benefit from:

- a faster application process for customs simplifications and authorisations
- reductions or waivers of comprehensive guarantees

You'll need to be a holder of an AEOC if you wish to qualify for:

- a notification waiver when making an entry in a declarant's records (EIDR)
- a 70% reduction in a business's deferment account guarantee
- undertaking centralised clearance (when available)
- completing self assessment (when implemented)
- moving goods in temporary storage between different member states



Customs simplification AEO authorisation

You do not need to hold an AEO authorisation to apply for the following, but if you are a holder of a customs simplification AEO authorisation, it can speed up the application process as we will not need to re-examine any criteria that have already been met when you applied for AEO:

- customs simplified procedures such as Customs Freight Simplified Procedure (CFSP) or National Export System (NES)
- special procedures such as inward processing and customs warehousing
- customs comprehensive guarantee reductions or waivers for potential debts

The AEO customs simplification authorisation will also be:

- a recognised status across the EU that should make it easier for businesses to apply and use simplifications across the Union
- an industry 'kite mark' and useful marketing tool



AEOS Status

You'll need to be a holder of an AEOS if you'd like to benefit from arrangements under mutual recognition agreements with third countries.

AEO status is for businesses that are established in the EU, actively involved in customs operations and international trade and have an Economic Operator Registration and Identification (EORI) number. The EU AEO database allows anyone to check who holds an AEO status, what type it is, and the date and country of issue.



Benefits of a security and safety AEO authorisation

If you hold AEO status for security and safety purposes it will enable you to benefit from certain facilitations of customs controls at the entry of the goods into the customs territory of the EU or when your goods leave the customs territory of the EU. These will include:

- a lower risk score which will be incorporated into customs' risk management systems and be used to determine the frequency of customs physical and documentary checks
- consignments may be fast tracked through customs controls. Holding an AEO security and safety authorisation does not mean that your consignments will not be subject to examination for prohibited or restricted goods or on behalf of other government agencies. However if it is selected for examination it will receive priority over non AEOs
- recognised status across the EU
- an industry 'kite mark' and useful marketing tool
- potential for reciprocal arrangements and mutual recognition with countries outside the EU, for example, USA or trading partners that have adopted the WCO Safe framework



Appropriate competences or professional qualifications

HMRC recognises that the availability of professional qualifications is limited so the focus is likely to be on the demonstration and evidence of practical competence over a previous 3 year period.

- ICS Trader Unique Reference Number (TURN) for Import/Export Freight (CHIEF) – Now EORI Number.
- 34 years of import and export experience.
- Customs matters for Safeway plc, Wolseley Europe Ltd and Ferguson plc.
- Member of the Institute of Export.
- USA C-TPAT expert.
- Completed AEO implementation in Taiwan.
- Joint Spirits Fraud Task Force with HM Customs & Excise / Joint Alcohol Trades Consultation Group with HM Customs & Excise - Now the Joint Alcohol Anti-fraud Taskforce (JAAT).



Appropriate level of compliance

HMRC will examine your record of compliance with customs and tax requirements, including:

- Customs Duty
- Excise Duty
- VAT – Including Intrastat for businesses trading in goods with other member states of the European Union.
- PAYE
- National Insurance
- Corporation Tax



What are the criteria for considering applications?

The criteria for granting AEO status are contained in Article 39 of European Council Regulation (EU) No 952/2013. These include:

- an appropriate record of compliance with customs legislation and taxation rules
- a satisfactory system of managing commercial , and where appropriate, transport records, which allows appropriate customs controls
- proven financial solvency
- practical standards of competence or professional qualifications directly related to the activity carried out (when you are applying for a customs simplification AEO)
- appropriate security and safety standards (when you are applying for a security and safety AEO status)



The AEO approval process

- Once HM Revenue & Customs (HMRC) has received your application, you'll receive an acknowledgment. If your application is complete and satisfactory, HMRC will visit you to verify your supplementary documentation. All the documentation referred to throughout the questionnaire and the explanatory notes must be made available for this visit, along with the necessary documented procedures.



Timescales for Authorised Economic Operator (AEO) applications

- If you meet the relevant criteria, your certificate will be issued **within 120 calendar days**. Your certificate will take effect on the tenth working day after the date of issue.
- The timescales may be extended by either the business or HMRC to allow time to address any areas where the criteria fail to be met.
- You should be aware that the customs authorities in other European Union member states have up to 60 calendar days to comment on your application.



Australian Trusted Trader

Eligible to apply if your business:

- has been active in the international supply chain for at least two years
- is financially solvent
- has an Australian Business Number.



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Australian Trusted Trader

Steps	Action
Apply	Complete an online application form
Validation	<p>An onsite visit of your business premises will be conducted to review the supply chain controls that are in place.</p> <p>This is an opportunity to work together to identify any improvements that may enhance supply chain security.</p>
Accreditation	<p>Following an assessment of your application and the onsite validation, your business may be offered ATT Accreditation; this means you'll enter into a formal agreement with the ABF, and receive access a host of benefits designed to save your business time and money.</p>
Ongoing Partnership	<p>You will have a dedicated ABF Account Manager, who will help you access the benefits as they apply to you.</p> <p>You will also have the opportunity to help shape the future of ATT and contribute to the development of future trade facilitation benefits.</p>

