

# AUTHORIZED ECONOMIC OPERATOR PROGRAMME



**Lexport**  
Interpreting India  
for commerce  
Advocates & Legal Consultants

Presented by:

**Srinivas Kotni**

Founder & Managing Partner

Lexport

Mail Id: [kotni@lexport.in](mailto:kotni@lexport.in) |

M: +91 **98112 82863**

Privileged & Confidential

# ABOUT MAIT

- MAIT was set up in 1982.
- MAIT is the apex body representing India's ICT sector.
- MAIT is recognized by the Government as well as the industries, for its role in the growth and development of the IT Hardware industry.
- At MAIT, we believe that technology is the primary contributor of economic growth and with our consistent policy advocacy efforts, we have emerged as a strong and effective industry mouthpiece, within government corridors.



# ABOUT MAIT

- MAIT offers a wide range of programs and services to our members, as well as the entire ICT industry across the country.
- It include organizing conferences, seminars, training sessions, events and workshops, policy representation, domestic & international marketing support, technology initiatives, publishing industry related information in targeted publications, networking opportunities, and many other industry-directed services.
- MAIT works in multiple areas for public advocacy such as Cloud & Analytics, IPR, Skill Development, Component Trading Hub, State IT/ ESDM Policies, Import/ Export Policy, GST, Procurement Reforms, e-Governance, SMEs, e-Waste, Innovation & Start-up, Industry 4.0, IoT Devices, Smart Cities Solution and Standards, amongst others.



# ABOUT LEXPORT

Leading law firm since 2000

Presence Pan India & Offices in New Delhi & Bengaluru

Dedicated team of expert professionals

Associates across all major cities of the world



# SERVICES OFFERED BY LEXPORT

**Taxation including GST and customs**

**Dispute advisory services**

**Intellectual property rights**

**Litigation services**

**Representation services**

**Corporate and commercial support**

**Competition disputes**



# SERVICES OFFERED BY LEXPORT

**Strategic business & transactions**

**Investment and debts**

**IT & Cyber laws**

**Compliances**

**Audit and diligence**

**Real Estate**



# AGENDA

1. Introduction to the Authorized Economic Operator Programme [“**AEOP**”]
2. Benefits under AEOP
3. Types of certification under AEOP
4. Eligibility Criteria
5. Procedure
6. Conditions & Compliances



# INTRODUCTION

- CBEC *vide* Circular No. 33 dated 22.07.2016 decided to merge two facilitation schemes (1) Accredited Clients Programme (**ACP**) (2) Authorized Economic Operator (**AEO**)
- Now it is a combined three-tier AEO programme
- To benefit and facilitate trade i.e. import and export
- Faster customs clearance and simplified procedures
- To bestow a secure status to the entity involved (internationally recognised)
- Simplified compliance regime





# INTRODUCTION CON'D....

- In view of mid term review of Foreign Trade Policy in 2018, additional benefits extended to AEO's
- CBIC *vide* Circular No. 3/2018- Customs has made requisite modifications in Circular No. 33 of 2016
- Amendment Circular 03/2018 –Customs has further liberalized, simplified and rationalized the AEO accreditation process so as to promote Ease of Doing Business and to emulate global best practices
- Decided to maximize the reach of the programme for trade facilitation and ease of doing business
- AEO application processing decentralised



# BENEFITS UNDER AEOP

- Direct Port Delivery of Import/export Containers depending on volume of trade
- Higher Level of Facilitation, faster customs clearance and simplified customs procedures
- Priority scanning for containers
- Facility of deferred payment of duty
- Faster disbursal of drawback amount
- Faster processing of bill of entries
- Faster completion of Special Valuation Branch proceedings in case of related party imports
- Less amount for Bank Guarantee (50% or 25% as against the usual value)
- Facility to paste MRP stickers in own premises
- Onsite PCA instead of regular PCA
- ICEGATE Access for consolidated data of import and export
- Paperless declarations with no supporting documents in physical form
- Nominated Client Relationship Manager as a single window of interaction
- Faster processing of refund/rebate of duty (minimum of 45 days of submission of documents)



# TYPES OF CERTIFICATION AND VALIDITY

- AEO-Tier-1 Certificate (three years)
- AEO-Tier 2 Certificate (three years)
- AEO-Tier 3 Certificate (five years)
- AEO-LO [only for economic operators i.e., logistics, customs agents/custodians or terminal operators/warehouse operators] (valid for five years)

**The typification is linked to the benefits attached to such certificate**

# ELIGIBILITY CRITERIA

- Applicant must be involved in international supply chain
- Should undertake customs related activity in India i.e., import or export
- Must be an incorporated entity with a valid certificate of registration
- Must provide evidence regarding :
  - ✓ Places and warehouses where it handles goods
  - ✓ Supply chain information
  - ✓ Existence for atleast past 3 years with own accounts
  - ✓ Atleast 25 transactions in a financial year (leniency for MSMEs)
  - ✓ Possession of ICEGATE Login to avail benefits under the AEOP

# PROCEDURE

- Eligible applicant to comply with the following requirements of AEOP :
  - ✓ Legal
  - ✓ Managerial, Commercial and Transport
  - ✓ Financial Solvency
  - ✓ Safety and
  - ✓ Security
- Application to be in the prescribed form with :
  - ✓ security plan
  - ✓ process map
  - ✓ site plan
  - ✓ self-assessment form
- Information and documents of the applicant to be scrutinized and assessed for grant of AEO certificate
- Physical verification by competent authority to ensure compliances
- Some important indicators to be checked during inspection :
  - ✓ Information on customs matters
  - ✓ Remedial action taken on previous customs errors
  - ✓ Accounting/logistics systems
  - ✓ Internal controls and procedures
  - ✓ Flow of cargo
  - ✓ Use of custom house agents
  - ✓ security of IT and documents
  - ✓ logistics process and
  - ✓ storage of goods.



# PROCEDURE CON'D....

- Report prepared within 60 days of completion of inspection/verification
- Report may contain recommendation to the AEO Programs Manager
- Applicant informed status of AEO certificate within 30 days of recommendation
- In case AEO certificate granted, it is activated within a week
- AEO certificate is valid for a period of 3 years (for AEO-T1 & AEO-T2 Certificate)
- AEO-T3 – the validity is for five years
- Renewal within 60 days of expiry
- Renewal subject to fulfilment of the requirements/compliances



# CONDITIONS AND COMPLIANCES

## ***Legal Compliances***

- No SCN issued to the applicant during last three financial years involving :
  - ✓ fraud
  - ✓ forgery
  - ✓ outright smuggling
  - ✓ clandestine removal of excisable goods or
  - ✓ Service Tax collected but not deposited to the Government
- No case where prosecution has been launched or contemplated against the applicant or its senior management

## ***Managerial, Transport Records and Financial Solvency***

- Maintaining accounting system consistent with Generally Accepted Accounting Principles (GAAP) / International Financial Reporting Standards (IFRS) which facilitates audit-based Customs control
- Having an administrative set up which corresponds to the type and size of business and which is suitable for the management of the flow of goods
- Have internal controls capable of detecting illegal or irregular transactions;



# CONDITIONS AND COMPLIANCES CON'D...

## *Managerial, Transport Records and Financial Solvency*

- Satisfactory procedures for handling of import / export licenses and authorizations
- Satisfactory procedures for archiving the company's records and information
- Adequate protection against loss of information
- Employees trained to inform Customs whenever compliance difficulties are discovered
- Establish suitable contacts to inform the Customs authorities of such occurrences
- Satisfactory procedures for verifying the accuracy of Customs declarations
- Appropriate IT security measures to protect the applicant's computer system from unauthorized intrusion and to secure the applicant's documentation
- Applicant must be financially solvent during the last three financial years





# RELAXATION DUE TO COVID-19

- Like many other sectors AEOs also have been given benefit of automatic extension due to COVID-19 Pandemic Situation and the resultant lockdown
- This is done by CBIC through a Circular No. 31/2020- Customs dated June 30, 2020
- Government has extended the validity of all the Authorized Economic Operator certificates which expired/expiring between March 01, 2020 and September 30, 2020, to September 30, 2020
- This extension is not applicable to those entities against which a negative report is received during this period.



## OUR OFFICES

### **Lexport - NEW DELHI**

R-1, Second Floor,  
Park View Apartments  
Hauz Khas Enclave  
New Delhi – 110016, India  
Phone: 91-11-2651 0505/1505

### **Lexport - BANGALORE**

516, 10th A Cross,  
29th Main, Sector 1,  
HSR Layout,  
Bangalore - 560 034, Karnataka India  
Phone: 91-80-22580308

***Srinivas Kotni***

***Founder & Managing Partner***

***Lexport Advocate and Legal Consultants***

***+91-9811282853***

***kotni@lexport.in***

*Disclaimer: This presentation is for information purposes only and should not be construed to be comprehensive or as a legal opinion on any of the matter contained herein. For any specific aspect kindly take specific legal advise.*