AUTHORIZED ECONOMIC OPERATOR PROGRAMME

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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

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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 at least past 3 years with own accounts
  ✓ At least 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;
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
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.
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