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Customs to launch revised AEO Programme - offers a Comprehensive unified trade facilitation



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It is almost a decade back, Indian Customs introduced Risk Management System (RMS) in Customs clearances. Introduction of Risk Management System (RMS) in imports during 2005, changed the whole clearance process scenario. Accordingly, importers/exporters can make declarations regarding classification, value and the Electronic Data Interchange System processes the bill for assessments on the basis of these self-declarations. **Duty is assessed in less than three minutes on the basis of the declarations** and the Challan indicating the amount of customs duty payable is generated. The duty amount indicated has to be paid through online banking system and then importers/exporters to proceed to the Customs area (port/CFS/Airport) for presenting the documents and for obtaining the clearance from Customs. The RMS procedure was extended to Exports also during 2013. CBEC had gone ahead to launch two new schemes - **Accredited Clients Programme (ACP)** and **Authorized Economic Operators (AEO) programme**. The former one, ACP provides an assured facilitation to importers who are assessed as highly compliant where as the later one, AEO is with a common objective of ensuring security in global supply chain to all the stake holders such as Importers, Exporters, Warehouse owners, Customs Brokers, Logistic Service Providers, Custodians, Terminal operators etc. For a better understanding, the broad benefits under both the Schemes. (See table above):

Revised AEO programme by merging of existing ACP & AEO Schemes : CBEC,

proposes to merge the two facilitation schemes into a revised and combined three-tier AEO programme and proposes enhancement in the scope of these programmes so as to provide further benefits to the stake holders who have demonstrated strong internal control system and willingness to comply with the laws. Under the leadership of the Prime Minister of India **Mr. Narendra Modi**, with the increased focus on "Ease of Doing Business", it has become imperative to develop a comprehensive unified trade facilitation programme by incorporating the existing ACP scheme and ongoing AEO programme into a revised AEO programme providing additional facilities to the legitimate trade.

Objective of revised AEO Programme: The objective continues to remain same as earlier that is to provide businesses with an internationally recognized quality mark which will indicate their secure role in the international supply chain and that their Customs procedures are efficient and compliant. An entity with an AEO status would be considered as a 'secure trader' and a 'reliable trading partner'.

Three-tier Certification: - There are two broad types of beneficiaries in the Scheme - (1) **Importers / Exporters** and (2) **Other economic operators**. The revised AEO Programme offers three tiers of certification to the stake holders in the international trade. The scope of the benefits to the AEOs based on their categories are mentioned in Table 2:

Status of the existing ACP and AEO certificate holders: All the existing AEOs shall be granted AEO (Tier- Two) Certificate by the AEO Programme Manager within 15 days of launching the Programme. Similarly, all the existing ACP clients shall be provisionally granted AEO (Tier-One) Certificate by the AEO Programme Manager.

Benefits for categories other than importers/exporters : The revised AEO Scheme envisages certain specific benefits

Accredited Clients Programme (ACP)	Authorized Economic Operators (AEO) programme
<ul style="list-style-type: none"> ✓ Assured facilitation in clearing imported goods. ✓ Clearance of imported goods allowed on self-declaration. ✓ Import consignments are not examined by Customs. Only random checks. ✓ Reduction in dwell time. ✓ Less transaction cost in import clearances. ✓ Once approved as ACP Client, eligible for its benefits at all ICES locations in India. 	<ul style="list-style-type: none"> ✓ No assessment/examination for imported/export goods. ✓ Reduced B.G. - Only 5% of the Bond amount. ✓ Reduced Audit and Reduced B.G. of only 5% of the duty liability to warehouse owners. ✓ Waiver of licence renewal fee for Customs Brokers. ✓ For Logistic service providers, B.G. waiver and no customs permission for transshipment of goods ✓ For Custodians/Terminal operators, waiver of B.G. under Handling of Cargo in Customs Area Regulations 2009.

to the following categories of Authorised Economic Operators.

Logistic Service Providers: (i) Waiver of bank Guarantee in case of trans-shipment (ii) Facility of Execution of running bond (iii) Exemption from permission on case to case basis in case of transit of goods. In case of international transshipped cargo (Foreign to Foreign), ramp to ramp or tail to tail

transfer of cargo permitted without Customs escorts.

Custodians or Terminal Operators: (i) Waiver of bank Guarantee under Handling of cargo in Customs Area Regulations 2009. (ii) Extension of approval for 10 years.

Customs Brokers: (i) Waiver of B.G. under Regulation 8 of the CBLR, 2013. (ii) Validity of CB licenses till validity of AEO status (iii) No fee for

renewal of license.

Warehouse Operators: (i) Faster approval for new warehouses (ii) Waiver of antecedent verification envisaged for grant of license for warehouse under CBEC circular 26/2016 Dt 09-06-2016 (iii) Waiver of solvency certificate requirement mentioned under Private Warehouse Licensing Regulations 2016 specified

vide CBEC circular 24/2016 Dt. 02-06-2016(iv) Waiver of security for obtaining extension in warehousing period specified under CBEC circular 21/2016 (v) Waiver of security required for warehousing of sensitive goods specified under Section 59(3) of The Customs Act - CBEC circular 21/2016 Dt. 31-05-2016.

Who can Apply for AEO Status ? - Anyone involved in the international supply chain that undertakes Customs related activity in India can apply for AEO status irrespective of size of the business. These may include exporters, importers, logistic providers (e.g. carriers, airlines, freight forwarders, etc.), Custodians or Terminal Operators, Customs House

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Table: 2

Certification type	Eligible Economic Operators	Scope of the benefits
AEO (Tier-One) Certificate	Importers and Exporters	<ul style="list-style-type: none"> ✓ High level of facilitation in imports and exports. ✓ Facility of Direct Port Delivery (DPD) - Import clearance from Terminal to Factory and for export, Direct Port Entry (DPE) for factory stuffed containers ✓ Hassle free entry to Custom Houses, CFSs and ICDs. ✓ Separate space earmarked in Custodian's premises. ✓ Only 50% of BG for provisional release of seized goods instead of 100%. ✓ Expedited Investigations. ✓ Expedited dispute resolution. ✓ Onsite PCA once in a year only. ✓ E-mail regarding arrival/ departure of the vessel carrying their consignments.
AEO (Tier-Two) Certificate	Importers, Exporters, Logistics Providers, Custodians / Terminal Operators, Customs Brokers and Warehouse Operators	<ul style="list-style-type: none"> ✓ Higher level of facilitation (as compared to AEO Tier-One). ✓ For Importers/Exporters, not opting for DPD/DPE, waiver of seal verification/Scrutiny of documents by Customs. ✓ Priority container scanning ✓ Priority in processing Bills in assessment/ examination ✓ Only 50% of BG for provisional release of seized goods instead of 100%. ✓ Facility to paste MRP stickers An their premises. ✓ Onsite PCA once in a year only ✓ Facility for on-site inspection /examination. ✓ facility of submitting paperless declarations ✓ All Custom Houses to appoint a nodal officer as a single point of interaction with them. ✓ The refund/Rebate of Customs/Central Excise duty and Service Tax would be granted within 45 days of the submission of complete documents ✓ Faster disbursement of drawback amount, from a date to be notified ✓ Facility of deferred payment of duty
AEO (Tier-Three) Certificate	Importer/ Exporter who have continuously enjoyed the status of AEO (Tier-Two) for at least two years	<ul style="list-style-type: none"> ✓ highest level of facilitation (as compared to AEO Tier Two) in imports/exports ✓ No scanning of containers except on the basis of specific intelligence. If selected scanning, top most priority will be given for scanning. ✓ Self attested copies of documents are accepted- no need of Original documents in imports/exports ✓ No B.G. for provisional release of seized goods. ✓ Risk based interventions even in case of requirements under Allied Acts in imports and export consignments. ✓ No regular PCA instead of that onsite PCA will be conducted once in three years only. ✓ The refund/Rebate of Customs/Central Excise duty and Service Tax would be granted within 30 days of submission of complete documents.