Circular No. 33/2016-Customs

F.No.450/179/2009-Cus.IV(Pt)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs
*****

Room No.227-B, North Block,
New Delhi, 22th July, 2016

All Chief Commissioners of Customs / Customs (Prev.).
All Chief Commissioners of Customs & Central Excise.
All Commissioners of Customs / Customs (Prev.).
All Commissioners of Customs & Central Excise.
All Director Generals under CBEC.

Subject: Review of entity based facilitation programmes viz. Accredited Client Programme (ACP) and Authorized Economic Operator (AEO) programme — Revised Guidelines.

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Sir/ Madam

Please refer to the CBEC Circulars no.42/2005 dated 24.11.2005 as amended regarding the ACP scheme and circular no 28/2012-Customs dated 16.11.2012 regarding AEO programme.

2. The Board has decided to merge the two facilitation schemes namely ACP and AEO into a combined three-tier AEO programme, and also enhance the scope of these programmes so as to provide further benefits to the entities who have demonstrated strong internal control system and willingness to comply with the laws administered by the Central Board of Excise and Customs. The prominent features of the new programme are:

i. Inclusion of Direct Port Delivery of imports to ensure just-in-time inventory management by manufacturers – clearance from wharf to warehouse
ii. Inclusion of Direct Port Entry for factory stuffed containers meant for export by AEOs
iii. Special focus on small and medium scale entities – any entity handling 25 import or export documents annually can become part of this programme
iv. Provision of Deferred Payment of duties – delinking duty payment and Customs clearance
v. Mutual Recognition Agreements with other Customs Administrations
vi. Faster disbursal of drawback amount
vii. Fast tracking of refunds and adjudications
viii. Extension of facilitation to exports in addition to imports
ix. Self-certified copies of FTA / PTA origin related or any other certificates required for clearance would be accepted
x. Request based on-site inspection /examination
xi. Paperless declarations with no supporting documents
xii. Recognition by Partner Government Agencies and other Stakeholders as part of this programme

3. The revised AEO Programme is appended to this Circular.

4. Board CircularsNo. 42/2005 dated 24.11.2005 as amended regarding the ACP scheme and No. 28/2012-Customs dated 16.11.2012 regarding AEO programmestand superseded with issue of this circular.

5. All the entities already certified under AEO Programme pursuant to Circular No 37/2011-Cus., dated 23.08.2011 and No. 28/2012-Customs dated 16.11.2012would now be accorded the status of AEO-T2 or AEO-LO, as the case may be, and shall be entitled to benefits as per this circular subject to their adherence to prescribed standards and guidelines issued in this regard.

6. The entities already accorded the ACP status pursuant to Circular No. 42/2005 dated 24.11.2005 as amended are being granted one time opportunity for transition to the AEO status in terms of this circular. They are required to submit their applications in terms of this circular within 90 days. In the meantime, they are being provisionally granted the status of AEO-T1till a decision is taken on their application.

7. Suitable Public Notice and Standing Orders may be issued. Further, Director General, Directorate General of Performance Management, Chief Commissioners of Central Excise and Chief Commissioner of Customs are requested to give wide publicity to the revised AEO Programme.

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8. Difficulties, if any, may be brought to the notice of the Board immediately.

Yours faithfully,

Director (Customs)

Authorized Economic Operator (AEO) Programme
(Circular No. 33/2016-Customs dated 22.7.2016)

Section 1
General Provisions

1.1 Introduction:

1.1.1 Customs organizations all over the world are tasked with the twin challenges of securing the borders from unlawful trade and at the same time facilitating the legitimate trade. Trade security and facilitation is one of the key determinants for the economic development of the countries. Customs, being the government organization that controls and administers the international movement of goods, is in a unique position to provide increased security to the global supply chain and to contribute to socio-economic development through revenue collection and trade facilitation. With a view to secure the international supply chain, the World Customs Organizationhad in June 2005 adopted the SAFE Framework of Standards to secure and facilitate global trade. Since then, this unique international instrument has ushered in modern supply chain security standards with the help of a closer partnership between Customs and business in the form of Authorized Economic Operator (AEO) programme, which constitutes one of the three pillars on which SAFE Framework rests.The AEO programme seeks to provide tangible benefits in the form of faster Customs clearances and simplified Customs procedures to those business entities who offer a high degree of security guarantees in respect of their role in the supply chain. The SAFE Framework sets forth the criteria by which businesses in the supply chain can obtain authorized status as a secure partner. Such criteria address issues such as threat assessment, a security plan adapted to the assessed threats, procedural measures to prevent illegitimate goods entering the supply chain, physical security of buildings and premises used as loading or warehousing sites, and security of cargo, means of transport, personnel and information system.

1.1.2 Over the years, AEO has become a flagship programme for WCO Members as it offers an opportunity for Customs to share its responsibilities with the businesses, while at the same time rewarding them with a number of additional benefits. As of March, 2015, 168 out of 180 WCO Members have signed Letters of Intent committing to implement the SAFE Framework. In India, the AEO programme was launched in 2011.

1.1.3 Prior to adoption of the SAFE Framework by WCO in 2005, Customs administrations all over the world, including India, were already implementing various forms of Customs compliance programmes which focused on compliance with traditional areas of Customs requirements, and which can also be considered as trade facilitation programmes, based on the Revised Kyoto Convention's "authorized persons" provisions. In India, this programme was known as Accredited Client Programme (ACP). On the other hand, Article 7.7 (Trade Facilitation Measures for Authorized Operators) of the WTO Trade Facilitation Agreement (TFA) also provides for implementation of "Authorized Operator" scheme on the basis of international standards, where such standards exist.

1.1.4 In the light of these international developments, as well as in view of the focus of the Government of India on "Ease of Doing Business", it is 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 who have demonstrated strong internal control system and willingness to comply with the laws

administered by the Central Board of Excise and Customs. The objective of the revised AEO Programme shall continue 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 can, therefore, be considered a 'secure' trader and a reliable trading partner.

1.2 Three tier AEO programme for importers and exporters (AEO-T1, AEO-T2, and AEO-T3)

It has been decided that the existing ACP and AEO programmes will be merged into this new AEO programme. For the economic operators other than importers and the exporters, the new programme offers only one tier of certification (i.e. AEO-LO) whereas for the importers and the exporters, there will be three tiers of certification (i.e. AEO-T1, AEO-T2 and AEO-T3). Accordingly, henceforth the AEO Programme Manager may, following an application by an economic operator, issue the following Authorized Economic Operator Certificates (hereinafter referred to as AEO certificates)to which the applicant may be eligible as per the eligibility conditions and criteria laid down under paragraph 3 of this circular:

1.2.1 **AEO-T1Certificate**– This certificate may be granted only to an importer or to an exporter.

For the purpose of this certificate,

(i) the Importer/ Exporter should fulfill the criteria mentioned at para 3.1 below; and
(ii) All other requirements as stipulated in paragraphs 3.2, 3.3 and 3.4 below shall be considered to have been met if the information and documents submitted by the applicant prove the claims of the applicant to the satisfaction of the AEO Programme Manager.

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1.2.2 **AEO-T2 Certificate**– This certificate may be granted only to an importer or to an exporter

For the purpose of this certificate,

(i) the economic operator should fulfill the criteria mentioned at para 3.1 below; and
(ii) all other requirements as stipulated in paragraphs 3.2, 3.3, 3.4 and 3.5 below shall be considered to have been met if the claims made in this regard in information and documents submitted by the applicant have been physically verified by the AEO Programme Team by visiting the concerned places/premises of the applicant, on the dates decided by mutual consent by the team and the applicant, and found to be true to the satisfaction of the AEO Programme Manager.

1.2.3 **AEO-T3 Certificate** - This certificate may be granted only to an importer or to an exporter.

For the purpose of this certificate,

(i) The economic operator must have continuously enjoyed the status of AEO-T2 for at-least a period of two years preceding the date of application for grant of AEO-T3 status; or
(ii) The economic operator must be an AEO-T2 certificate holder, and its other business partners namely importers or exporters, Logistics service providers, Custodians/Terminal operators, Customs Brokers and Warehouse operators are holders of AEO-T2or AEO-LO certificate or any other equivalent AEO certificate granted by a foreign Customs.

1.3. Single Tier AEO Programme for Logistics Providers, Custodians or Terminal Operators, Customs Brokers and Warehouse Operators

1.3.1 **AEO-LO Certificate**– This certificate may be granted to categories of economic operators other than importers and exporters,namely Logistics Providers, Custodians or Terminal Operators, Customs Brokers and Warehouse Operators.

For the purpose of this certificate,

(iii) the economic operator should fulfill the criteria mentioned at para 3.1 below; and
(iv) all other requirements as stipulated in paragraphs 3.2, 3.3, 3.4 and 3.5 below shall be considered to have been met if the claims made in this regard in information and documents submitted by the applicant have been physically verified by the AEO Programme Team by visiting the concerned places/premises of the applicant, on the dates decided by mutual consent by the team and the applicant, and found to be true to the satisfaction of the AEO Programme Manager.

1.4 Treatment of existing AEOs and ACPs

1.4.1 All the existing AEOs who have been granted the AEO certificate in terms of the erstwhile AEO circulars and who continue to possess such certificates validly shall be granted either AEO-T2or AEO-LOCertificate depending upon their category by the AEO Programme Manager within 15 days of issue of this circular, and thereafter, they shall become entitled for benefits in terms of this circular in terms of paragraph 1.5 below. They shall remain AEO-T2or AEO-LOcertificate holders till the validity period mentioned in their AEO certificate issued under Circular 28/2012 – Cus dated 16-11-2012. Thereafter, they will have to follow renewal procedure as prescribed in this circular. In the meantime, it shall also be open for them to apply for AEO-T3 certificate, if eligible.

1.4.2 All the existing ACP clients who have been granted ACP status in terms of the erstwhile ACP circulars and who continue to possess such status validly shall be provisionally granted AEO-T1 Certificate by the AEO Programme Manager within 15 days of issue of this circular, and thereafter, they shall become entitled for benefits in terms of this circular in terms of paragraph 1.5 below. They shall remain AEO-T1 certificate holders till the validity period mentioned in their ACP renewal /granting letter. Thereafter, they will have to follow renewal procedure as prescribed in this circular.

1.4.3 All such ACP clients shall have an opportunity to submit applications for grant of AEO Certificates in terms of this circular within 90 days of issue of this circular. The validity period and the entitlement to benefits for ACP clients who fail to submit application within 90 days shall be taken up for review.

1.4.4 However, ACP clients who submit the applications within 90 days of issue of this circular shall continue to avail the benefits of AEO-T1till a decision is taken by the AEO Programme Manager to issue them the AEO Certificates as applicable to them, and benefits in terms of this circular is extended to them. In case, they are not found to be eligible for the AEO Certificates, they would no longer be entitled to the benefits of AEO-T1.

1.4.5 All ACP clients are also entitled to submit their applications for getting status of AEO-T2 or AEO-T3, as may be applicable. However, the status of AEO-T2or AEO-T3 would be given after physical verification of requirements specified in paragraphs 3.2, 3.3, 3.4 and 3.5.

1.4.6 It is clarified that all the entities who were earlier denied either ACP or AEO status can apply for AEO-T1, AEO-T2, AEO-T3 or AEO-LO as may be applicable. Their applications would be processed in terms of the conditions specified in this circular. Further those applicants whose applications are once rejected under the current scheme are free to apply again, if grounds on which their application is rejected are no longer valid, and they are eligible for the AEO status.

1.4.7 The holders of AEO Certificates (hereinafter referred to as the AEOs) shall be entitled to benefits laid down in paragraph 1.5 below, as may be applicable to them. However, such benefits may be denied by the Customs Authorities to the AEO on account of specific information or intelligence indicating that the Certificate Holder is misusing the benefits granted to it, and all such instances shall be reported as soon as possible by the Customs Authorities to the AEO Programme Manager, who shall take necessary action, if required, for suspension, downgrading or revocation of the AEO status.

1.4.8 The benefits to the holder of AEO Certificate shall be subject to the AEO concerned providing the AEO Certificate Number to the Customs Authorities.

1.5 Benefits of an AEO Certificate

The scope of the benefits to the AEOs based on their categories would be as mentioned below:

1.5.1 Benefits for AEO-T1:

i. They shall be accorded high level of facilitation in imports and export of their consignments, thereby ensuring shorter cargo release time.
ii. Facility of Direct Port Delivery (DPD) of their import Containers and/ or Direct Port Entry (DPE) of their Export Containers would be available to them. However, this facility will be dependent on the volume of their Import/ Export trade in terms of number of containers.
iii. ID cards to be granted to authorized personnel for hassle free entry to Custom Houses, CFSs and ICDs.
iv. Wherever feasible, they will get separate space earmarked in Custodian's premises.
v. In case they are required to furnish a Bank Guarantee, the quantum of the Bank Guarantee would be 50% of that required to be furnished by an importer/ exporter who is not an AEO Certificate Holder. However, this exemption fromBank guarantee wouldnot be applicable in cases where the Competent Authority orders furnishing of Bank Guarantee for provisional release of seized goods.
vi. Investigations, if any, in respect of Customs, Central Excise and Service Tax cases would be completed, as far as possible, in six to nine months.
vii. Dispute resolution at the level of Adjudicating Authorities in respect of Customs, Central Excise and Service Tax cases would be done preferably and as far as possible within six months.
viii. They will not be subjected to regular transactional PCA, instead of that onsite PCA will be conducted once in two years only.
ix. They will get an e-mail regarding arrival/ departure of the vessel carrying their consignments.
x. 24/7 clearances on request at all sea ports and airports – No Merchant Overtime Fee (MOT) charges need to be paid.

1.5.2 **Benefits for AEO-T2:**

The following benefits would be provided over and above the benefits offered in T1:

i. They shall be accorded higher level of facilitation (as compared to AEO-T1 in imports and export of their consignments.
ii. For Importers/Exporters not opting for DPD/DPE, seal verification/scrutiny of documents by Custom officers would be waived. Consignments would be given out of charge or let export order, as the case may be, without any scrutiny by the officers.
iii. The containers selected for scanning will be scanned on priority, by giving front line of treatment.
iv. Facility of deferred payment of duty will be provided, from a date to be notified
v. Faster disbursal of drawback amount within 72 hours of EGM submission, from a date to be notified
vi. The BEs/SBs selected for Assessment and/or Examination will be processed on priority by the Customs officers.
vii. Facility of self -sealing of export goods would be allowed without the requirement to seek case to case base permission from the authorities
viii. Faster completion of Special Valuation Branch ('SVB') proceedings in case of related party imports and monitoring of such cases for time bound disposal in terms of new guidelines
ix. In case they are required to furnish a Bank Guarantee, the quantum of the Bank Guarantee would be 25% of that required to be furnished by an importer/ exporter who is not an AEO Certificate Holder. However, this exemption from Bank guarantee would not be applicable in cases where the Competent Authority orders furnishing of Bank Guarantee for provisional release of seized goods.
x. They will be given facility to paste MRP stickers in their premises.
xi. They will not be subjected to regular transactional PCA instead of that onsite PCA will be conducted once in three years only.
xii. They will be given access to their consolidated import/export data through ICEGATE from a date that would be communicated separately.
xiii. They will be provided the facility of submitting paperless declarations with no supporting documents in physical form.
xiv. All Custom Houses will appoint a "Client Relationship Manager"(CRM) at the level of Deputy / Assistant Commissioner as a single point of interaction with them. The CRM would act as voice of the AEO within Customs in relation to legitimate concerns and issues of AEO and would assist in getting procedural and operational issues resolved by coordinating with different sections within Customs as well as other stakeholders.
xv. The refund/Rebate of Customs/Central Excise duty and Service Tax would be granted within 45 days of the submission of complete documents.
xvi. They will get trade facilitation by a foreign Customs administration with whom India enters into a Mutual Recognition Agreement/Arrangement.

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1.5.3 **Benefits for AEO-T3:**

The following benefits would be provided over and above the benefits offered in T2:

i. They shall be accorded highest level of facilitation, as compared to AEO-T2, in imports and export of their consignments.
ii. Their containers will not be selected for scanning except on the basis of specific intelligence. Further when any container is selected for scanning, top most priority will be given for scanning.
iii. The assessing/examining custom officer will rely on the self-certified copies of documents submitted by them without insisting upon original documents.
iv. They would not be required to furnish any Bank Guarantee. However, this exemption from Bank guarantee would not be applicable in cases where the Competent Authority orders furnishing of Bank Guarantee for provisional release of seized goods.
v. An approach based on Risk based interventions, in case of requirements originating from the Acts administered by other Government Agencies/Departments, will be adopted for providing better facilitation in imports and export of their consignments.
vi. On request, they will be provided on-site inspection /examination.
vii. The refund/Rebate of Customs/Central Excise duty and Service Tax would be granted within 30 days of the submission of complete documents.

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1.5.4 **Benefits for AEO-LO:**

Sl. No	**Entity**	**Facilities to be provided**
1	Logistic Service Providers	(a) Waiver of bank Guarantee in case of trans-shipment of goods under Goods imported (Condition of Trans-shipment) Regulations, 1995**.** (b) Facility of Execution of running bond. (c) Exemption from permission on case to case basis in case of transit of goods. In case of international transshipped cargo (Foreign to Foreign), for the pre-sorted containers wherein Cargo does not require segregation, ramp to ramp or tail to tail transfer of cargo can be effected without Customs escorts.
2	Custodians or Terminal Operators	(a) Waiver of bank Guarantee under Handling of cargo in Customs Area Regulations 2009. (b)Extension of approval for custodians under regulation 10(2) of the 'Handling of cargo in Customs Area Regulation 2009 'for period of 10 years.
3	Customs Brokers	(a) Waiver of Bank Guarantee to be furnished under regulation 8 of the CBLR, 2013. (b) Extended validity (till validity of AEO status) of licenses granted under regulation 9 of the CBLR 2013. System Manager to incorporate date of validity of AEO from time to time in the System Directory (c) Waiver from fee for renewal of license under sub regulation (2) of regulation 11 of CBLR,2013.

4	Warehouse Operators	(a) Faster approval for new warehouses within 7 days of submission of complete documents (b) Waiver of antecedent verification envisaged for grant of license for warehouse under circular 26/2016 (c) Waiver of solvency certificate requirement under circular 24/2016 (d) Waiver of security for obtaining extension in warehousing period under circular 21/2016 (e) Waiver of security required for warehousing of sensitive goods under circular 21/2016

1.5.5 With a view to promote an overall voluntary compliance framework, the selection of AEO's for on-site post clearance audit (OSPCA) in respect of AEO-T1, AEO-T2 and AEO-T3 shall be based on risk assessment. Better and higher compliance level demonstrated by the AEO shall be taken into account for determining the frequency of audit. It is also clarified that AEO's undergoing OSPCA shall not be subjected to routine transactional PCA. Detailed guidelines on risk based OSPCA will be issued subsequently.

Section 2
Application for an AEO certificate

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2.1 An applicant for grant of any of the aforesaid four AEO statuses, namely AEO-T1, AEO-T2, AEO-T3 and AEO-LO, should submit the application in the proforma enclosed. The application form contains ten annexures. However, an applicant is required to fill-in and submit only those annexures which may be applicable to it, as mentioned below:

Sl No	Annexure	Subject	Application for grant of			
			AEO-T1	AEO-T2	AEO-T3	AEO-LO
1	Annexure-A	Application Form	YES	YES	YES	YES
2	Annexure-B	Security Plan	NO	YES	YES	YES
3	Annexure-C	Process Map	YES	YES	YES	YES
4	Annexure-D	Site Plan	YES	YES	YES	YES
	Annexure-E	**Self-Assessment Form**				
5	Annexure-E.1	General Compliance	YES	YES	YES	YES
6	Annexure-E.2	Legal Compliance	YES	YES	YES	YES
7	Annexure-E.3	Managing commercial and (where appropriate) transport records	YES	YES	YES	YES
8	Annexure-E.4	Financial Solvency	YES	YES	YES	YES

9	Annexure-E.5	Safety and Security	NO	YES	YES	YES
10	Annexure-F	Business Partner Details	NO	NO	YES	NO

Note: Annexure E.5 itself is in seven parts E.5.1 to E.5.7 and all of them would need to be filled in for grant of AEO-T2, AEO-T3 or AEO-LO status.

2.2 In case the applicant is already holder of any one of the four AEO certificates, he should clearly highlight in its application all the changes in respect of any information and/or documents submitted earlier, with a view to expeditious processing of the application by the AEO Programme Team.

2.3 The applicant shall nominate a readily accessible central point of contact person within the administration of the applicant, in order to make available to the AEO Programme Manager or to any officer authorised by the AEO Programme Manager all the information necessary for proving compliance with the requirements for issuing the AEO certificate.

2.4 The application should be sent to the AEO Programme Manager, Directorate General of Performance Management, Customs & Central Excise, 'D' Block, I.P. Bhawan, I.P. Estate, New Delhi – 110002.

2.5 The Additional Director General, Directorate General of Performance Management, Customs & Central Excise, 'D' Block, I.P. Bhawan, I.P. Estate, New Delhi – 110002 will be the AEO Programme Manager and AEO Programme Team will comprise officers from the Directorate General of Performance Management and its regional offices.

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Section 3

Eligibility conditions and criteria for granting the AEO certificate

3.1 Who can apply for AEO certificate?

3.1.1 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 Agents and Warehouse Owners. Others who may qualify include port operators, authorized couriers, stevedores. The list is not exhaustive.

3.1.2 Businesses that are not involved in Customs related work / activities will not be entitled to apply. This means that in general, banks, insurance companies, consultants and the like categories of businesses will not be eligible for AEO status.

3.1.3 Application for AEO status will only cover the legal entity of the applicant and will not automatically apply to a group of companies.

3.1.4 There is no provision to grant AEO status to specific site, division or branch of legal entity of the applicant. The application must cover all the activities and locations of the legal entity involved in the international supply chain and the prescribed criteria will be applied across all those activities and locations.

3.1.5 In order to apply for AEO status the applicant must be established in India. For this purpose, the applicant should provide evidence which may include:

(i) A certificate of registration issued by the Registrar of Companies.
(ii) Details of places/locations where goods are being handled, e.g. loading, unloading, storage etc., in the course of supply to/from international supply chain.
(iii) Proof that the business has its own accounts.

3.1.6 The applicant should have business activities for at least three financial years preceding the date of application. However in exceptional cases, on the basis of physical verification of internal controls of a newly established business entity, the AEO Programme Manager may consider it for certification.

3.1.7 Keeping the small and medium scale enterprises in mind it has been decided the AEO programme is made open to all Importers/Exporters whose threshold of import or export declarations is 25 documents i.e. either Bills of Entry or Shipping Bills during the last financial year. The other economic operators should have handled at least 25 documents i.e. Bills of Entry or Shipping bills during the last financial year.

3.1.8 An AEO status applies only to the legal entity applying for such status in its own capacity and covering its role in the international supply chain. Therefore, AEO status can be granted to a Customs Broker, but this will not confer similar status on its client importers / exporters who will need to apply separately for that status.

3.1.9 The AEO Programme is open to all economic operators, including micro, small and medium enterprises (MSMEs) and the eligibility conditions and criteria for granting the AEO Certificates are the same for all economic operators regardless of their size. However, the AEO Programme Manager shall take due account of the specific characteristics of economic operators, in particular of MSMEs, while applying the eligibility conditions and criteria prescribed under paras 3.3 (relating to management of commercial and transport records), and those under paras 3.5 (relating to safety and security) for granting the above AEO Certificates. The AEO Programme Manager shall take into account such factors as the size of the MSMEs, the legal status (e.g. proprietorship, partnership etc), the structure, the key business partners and also the specific economic activity of the economic operator while applying these eligibility conditions and criteria specified under paras 3.3 and 3.5. In particular, the AEO Programme Manager shall take into account the possible difficulties for MSMEs in meeting with these eligibility conditions and criteria under paras 3.3 and 3.5 with a view to make the above AEO certificates more available to MSMEs. The criteria of turnover indicated in MSME Act would be taken into consideration for categorization of entities into Micro, Small and Medium Enterprises.

3.1.10 DG(Systems), CBEC will progressively introduce an ICT based solution, which will not only cater to the management of AEO enrolment life-cycle but will also help ensure that all Authorized Economic Operators receive high quality service. All communication between AEO/AEO applicants and Programme Manager shall be through e-mail at Aeo.India@icegate.gov.in.

3.2 Legal Compliance:

3.2.1 There should be no show cause notice issued to them during last three financial years involving fraud, forgery, outright smuggling, clandestine removal of excisable goods or cases where Service Tax has been collected from customers but not deposited to the Government.

3.2.2 There should be no case wherein prosecution has been launched or is being contemplated against the applicant or its senior management.

3.2.3 If the ratio of disputed duty demanded or drawback demanded or sought to be denied, in all the show cause notices issued under the Customs Act, 1962 (other than those mentioned in Para 3.2.1 and 3.2.2) during the last three financial years, to the total duty paid and drawback claimed

during the said period is more than ten percent, a review would be taken of the nature of cases and decision would be taken on issue or continuance of AEO status by AEO Programme Manager.

Explanation: for para 3.2.1, 3.2.2 and 3.2.3 above, the cases where the show cause notices have been dropped or decided in favour of the applicant by the adjudicating or appellate authorities will not be considered.

3.2.4 An applicant will also need to demonstrate that he has:

i. procedures in place to identify and disclose any irregularities or errors to the Customs authorities or, where appropriate, other regulatory bodies.
ii. taken appropriate remedial action when irregularities or errors are identified.

3.2.5 Once an error has been identified, the applicant is expected to take steps to ensure that they do not happen again or, at least, to ensure that they are immediately remedied if they do arise. Failure to take such steps could count against applicant.

3.3 Managing commercial and (where appropriate) transport records:

The applicant should have a satisfactory system of managing commercial and, where appropriate, transport records. To enable the AEO Programme Manager to establish that the applicant indeed has such a system, the applicant shall:

i. Maintain an accounting system consistent with Generally Accepted Accounting Principles (GAAP) / International Financial Reporting Standards (IFRS) which facilitates audit-based Customs control;

ii. Have 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, and have internal controls capable of detecting illegal or irregular transactions;

iii. Wherever applicable, have satisfactory procedures in place for the handling of licenses and authorizations connected to export/import;

iv. Have satisfactory procedures in place for archiving of the company's records and information, and also for protection against the loss of information;

v. Ensure that employees are made aware of the need to inform the Customs authorities whenever compliance difficulties are discovered and establish suitable contacts to inform the Customs authorities of such occurrences;

vi. Have satisfactory procedures for verifying the accuracy of Customs declarations.

vii. Have appropriate information technology security measures to protect the applicant's computer system from unauthorized intrusion and to secure the applicant's documentation.

3.4 Financial solvency

An applicant must be financially solvent during the three financial years preceding the date of application. The applicant should not be listed currently as insolvent, or in liquidation or bankruptcy. Further, the applicant should not have defaulted in payment of due Customs duties during the past three years.

The applicants must submit an undertaking regarding its solvency and a Solvency Certificate issued by the Statutory Auditor of the applicant.

3.5 Safety and security

3.5.1 The applicant must have in place appropriate internal controls and measures to ensure safety and security of applicant's business and his supply chain, in addition to any specific legal requirements that may be applicable to the business.In order to satisfy the requirements of AEO status, the applicant will need to ensure security of procedures, cargo, procedures, conveyances, premises, personnel and business partners. The applicant's security and safety standards shall be considered to be appropriate if the following conditions are fulfilled:

3.5.2 **Procedural Security**

In order to ensure security of the international supply chain, the applicant must have in place appropriate internal controls and measures to ensure safety and security of procedures relating to applicant's business and his supply chain. With this view, following criteria should be fulfilled by the applicant:

i. The applicant should develop and maintain a security policy and procedure manual which shall contain detailed guidelines on procedures to be followed to preserve the integrity of the cargo while in its custody, loading and unloading from transport conveyance and during transport. The manual should also stipulate how seals are to be controlled and affixed to cargo and transport conveyances.

ii. Security measures should be in place to ensure the integrity and security of processes relevant to the transportation, handling, and storage of cargo in the supply chain.

iii. Proper documentation of management procedure should be in place to ensure that all documentation used in the clearing of cargo is legible, complete, accurate and protected against the exchange, loss of introduction of erroneous information.

iv. Procedure should be in place to ensure that information received from business partners is reported accurately and timely as well as declared in the time limit regulated by Customs.

v. Procedure should be in place to ensure that:

   a. Import / Export cargo are reconciled against the information on the bill of lading.

   b. The weights, labels, marks and piece count of the import/export cargo are accurately indicated.
   c. Import/export cargo are verified against purchase/delivery orders.
   d. Drivers delivering or receiving cargo are positively identified before cargo is received or released.
   e. All shortages, overages, and other significant discrepancies or anomalies must be resolved and/or investigated appropriately.

3.5.3 **Premises Security:**

In order to ensure security of the international supply chain, the applicant must ensure that the buildings to be used in connection with the operations to be covered by the certificate are constructed of materials which resist unlawful entry and provide protection against unlawful intrusion. In addition, the applicant must ensure that appropriate access control measures are in

place to prevent unauthorized access to shipping areas, loading places and cargo areas. With this view, following criteria should be fulfilled by the applicant:

i. Buildings must be secure against unlawful entry.

ii. All gates, fences and windows must be secured with locking devices or alternative access monitoring or control measures.

iii. Authorized personnel must control the issuance of locks and keys.

iv. Adequate internal and external lighting must be provided especially for entrances and exits, cargo handling and storage areas, fence lines and parking areas.

v. Gates through which vehicles and/or personnel enter/exit must be manned, monitored or otherwise controlled. Vehicles accessing restricted areas must be parked in approved area and their license plate numbers furnished to Customs upon request.

vi. Only properly identified and authorized persons, vehicles and goods may be permitted access.

vii. Access to document or cargo storage areas may be restricted.

viii. There should be appropriate security systems for access control.

ix. Restricted areas should be clearly identified.

x. Integrity of structures and systems must be periodically inspected.

xi. Perimeter fencing should enclose the areas around cargo handling and storage facilities.

xii. Clear demarcation within a cargo handling structure should be created to segregate domestic, international, high value and hazardous cargo.

xiii. The number of gates should be kept to the minimum necessary for proper access and safety.

xiv. Unauthorized vehicles should be prohibited from parking in or adjacent to cargo handling and storage areas.

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3.5.4 **Cargo Security**:

In order to ensure security of the international supply chain, the applicant must have in place appropriate measures for the handling of goods include protection against the introduction, exchange or loss of any material and tampering with cargo units. With this view, following criteria should be fulfilled by the applicant:

i. Only properly identified and authorized persons should have access to the cargo.

ii. Integrity of cargo should be ensured by permanent monitoring or keeping in a safe, locked area.

iii. All seals must meet the current PAS / ISO 17712 standards for high security seals. In cases it is not possible to procure and use PAS / ISO 17712 seals for air consignments/courier consignments any international seal compatible with standards of PAS/ISO 17712 shall be

used. However in case of maritime containerized cargo only PAS / ISO 17712 seals shall be used.

iv. The integrity of container seals should be checked by the authorized person by following the procedure prescribed in the security policy manual.

v. Only authorized personnel should distribute container seals and safeguard their appropriate and legitimate use.

vi. When appropriate to the type of cargo container used, a seven-point inspection process is recommended: Front wall, Left side, Right side, Floor, Ceiling/Roof, Inside/outside doors, Outside/undercarriage.

vii. Appropriate procedures should be laid down on measures to be taken when an unauthorized access or tampering is discovered.

viii. Goods should be uniformly marked or stored in designated areas and procedures should exist to weigh / tally them and compare them against transport documents, purchase/sales orders and Customs papers.

ix. Internal control procedures should exist when discrepancies and/or irregularities are discovered.

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3.5.5 **Conveyance Security:**

In order to ensure security of the international supply chain, the applicant must ensure that the conveyances to be used in connection with the operations to be covered by the certificate are handled in a manner which ensures security of the cargo. With this view, the applicant must:

i. ensure to the extent possible that all conveyances used for the transportation of cargo within the supply chain are capable of being effectively secured.

ii. ensure to the extent possible that all operators of conveyances used for transport of cargo are trained to maintain the security of the conveyance and the cargo at all times while in its custody.

iii. require operators, to report actual or suspicious incident to designated security department staff of the applicant company as well as to maintain records of these reports, which should be available to the AEO Programme Team and the Customs.

iv. ensure that potential places of concealment of illegal goods on conveyances are regularly inspected,

v. ensure that transporters make sure that conveyance integrity is maintained while the conveyance is en route transporting cargo to export/import points or import/transit containers by utilizing a tracking and monitoring activity log or records.

vi. ensure that pre-determined routes are identified by the dispatcher, and procedures must consist of random route checks along with documenting and verifying the length of time between the loading point/trailer pickup and the delivery destinations.

vii. ensure that drivers must notify the dispatcher of any route delays due to weather, traffic and/or rerouting.

viii. ensure that the management of transporters must perform a documented, periodic, and random verification process to ensure the logs are maintained and conveyance tracking and monitoring procedures are being followed and enforced.

3.5.6 **Personnel Security:**

In order to secure the international supply chain, the applicant must conduct, as far as possible, security screening of prospective employees to be employed in security sensitive positions, and carry out periodic background checks. With this view, following criteria should be fulfilled by the applicant:

i. All reasonable precautions must be taken when recruiting new staff to verify that they are not previously convicted of security-related, Customs or other criminal offences.

ii. Periodic background checks must be conducted on employees working in security sensitive positions.

iii. Employee identification procedures should require all employees to carry proper identification that uniquely identifies the employee and organization.

iv. Procedures to identify, record and deal with unauthorized or unidentified persons, such as photo identification and sign-in registers for visitors etc. must be ensured at all points of entry.

v. Procedures must be in place to expeditiously remove identification and access to premises and information for employees whose employment is terminated.

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3.5.7 **Business Partner Security**

In order to secure the international supply chain, the applicant must have implemented measures to ensure a clear identification of his business partners. With this view, following criteria should be fulfilled by the applicant:

i. The applicant must have written and verifiable process, including the capability of financial soundness and compliance with the safety requirement set by the contracts as well as the capability of detection and correction of safety defects, for the selection of business partners.

ii. For those business partners having AEO certification, the applicant must get those business partners' copies of certification.

iii. For non-AEO partners, the applicant must get written confirmation of meeting AEO equivalent security criteria. Such business partners must have one of the following written documents demonstrating their compliance with security criteria:

   a. Contractual document
   b. A completed self-assessment security questionnaire from the applicant.
   c. A written statement from the business partner demonstrating their compliance with AEO security criteria.
   d. Senior business partner officer attesting to compliance.
   e. Documents from the business partners demonstrating their compliance with and equivalent and accredited security program administered by a foreign Customs authority.

iv. Periodic reviews of business partner's processes and facilities must be conducted based on risk, and must maintain the security standards required by the applicant.

3.5.8 **Security Training and Threat Awareness**

In order to secure the international supply chain, the applicant must ensure that its concerned employees actively participate in security awareness programmes. With this view, following criteria should be fulfilled by the applicant:

(i) The applicant should ensure that:

a. A threat awareness program is established and maintained for employees to foster awareness of the threat at each point in the supply chain.

b. Employees are aware of the procedures the company has in place to address a situation and how to report it.

c. Specific training is offered to assist employees in maintaining cargo integrity, recognizing internal conspiracies and protecting access controls.

(ii) Supply chain security training of employees must include the following items:

a. Security policy of the company.

b. Potential risk to internal security of the company.

c. Maintaining cargo security.

d. Access control measures of the company.

e. Identifying and reporting suspicious cargo and personnel.

f. Conveyance management and cargo security for conveyance management personnel.

(iii) Records of security training must be maintained and made available for verification by the AEO Programme Team and the Customs.

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Section 4

Procedure for issuing AEO certificates

4.1 **Acknowledgement of application**

Each application will be acknowledged and recorded in an AEO Programme database.

4.2 **Return of application:**

4.2.1 If application is incomplete or deficient, the applicant will be suitably informed within 30 days of the receipt.

4.2.2 In following cases, the application will **not** be processed until the deficiencies, as indicated, are rectified:

i. Which is incomplete – This may be resubmitted with the complete information.

ii. Where the application has not been made by a legal person – This can only be resubmitted by the concerned legal entity.

iii. Where no responsible person is nominated as the Point of Contact – This can only be resubmitted when the applicant nominates a responsible person who will be the point of contact for the AEO Programme.

iv. Where the applicant is subject to bankruptcy proceedings at the time the application is made - This may be resubmitted when the applicant becomes solvent.

v. Where a previously granted AEO status has been revoked -This may not be resubmitted until the period as prescribed in paragraph 5.7.3 has elapsed after the date of revocation.

4.3 Rejection of application:

The application shall not be accepted in any of the cases:

(i) Where the applicant is not eligible for grant of AEO status, or
(ii) Where the deficiency noticed in the application cannot be remedied.

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The information regarding the rejection of such application will be given to the applicant within 30 days of the receipt of the application.

4.4 Processing of application:

4.4.1 On receipt of the complete application and after ensuring that the applicant is eligible to apply, the information and documents submitted by the applicant shall be scrutinized to assess whether or not the eligibility conditions and criteria for granting the AEO certificate as mentioned under the Section 3 of this circular are met by the applicant.

4.4.2 If necessary, further information and/or documents in support of the claim of the applicant may be called for by the AEO Programme Manager or by an officer on his behalf. Such request shall be sent in writing.

4.4.3 The applicant shall submit such information and/or documents within a reasonable time.

4.4.4 In case of an application for grant of AEO-T1 status, once the eligibility conditions and criteria for granting the AEO certificate as mentioned under the Section 3 of this circular are found to have been met by the applicant to the satisfaction of the AEO Programme Manager, the applicant shall be issued the AEO-T1certificate within 30 days of submission of the information and/or documents.

4.4.5 In case of an application for grant of AEO-T2 or AEO-LO, the information and/or documents submitted by the applicant shall be scrutinized, and if they are found eligible to the satisfaction of the AEO Programme Manager, the applicant shall be duly intimated within 30 days of submission of the information and/or documents. Thereafter, the successful application will be assigned to a specific AEO Programme Team within 15 days to carry out physical verification of the information and documents. The date(s) for physical verification would be decided by the team in consultation with the applicant.

4.4.5.1 The AEO Programme Team will, within 90 days, visit the business premises for verification of the information and documents provided. Such visit shall be made on a convenient date after consulting the applicant.

4.4.5.2 If within 45 days of the date of intimation issued in terms of paragraph 4.4.5, the applicant has not been contacted by the AEO Programme Team, then the applicant should contact the AEO Programme Manager immediately.

4.4.5.3 During the course of such verification, the applicant for AEO-T2 or AEO-LO status should be prepared to answer questions or provide additional information on all aspect of the application to the visiting AEO Programme Team.

4.4.5.4 Examination of the criteria laid down under Section 3 above shall be carried out for all the premises which are relevant to the customs related activities of the applicant for AEO-T2 or AEO-LO status. The examination as well as its results shall be documented by the AEO Programme team.

4.4.5.5 In case several premises of the applicant are run in a similar way by standard systems of record keeping and security etc. there will be no need for the AEO Programme Team to visit all of them. However, if the business of the applicant covers a range of activities or different premises have different method of operating, then it may be necessary for more visits to be made.

4.4.5.6 The duration of visit/verification would depend on the size of business, number of premises, how they operate etc. The AEO Programme Team will give the applicant for AEO-T2 or AEO-LO status an estimate of time required, though this may have to be amended once the verification has commenced. The date(s) for physical verification would be decided by the team in consultation with the applicant.

4.4.5.7 Where appropriate, in addition to the other requirements detailed earlier, the AEO Programme Team may cover the following:

(i) Information on Customs matters.
(ii) Remedial action taken on previous Customs errors, if any.
(iii) Accounting and logistic systems.
(iv) Internal controls and procedures.
(v) Flow of cargo.
(vi) Use of Customs House Agents.
(vii) Security of Computers/IT and documents.
(viii) Financial solvency.
(ix) Safety and security assessment – premises, cargo, personnel etc.
(x) Logistic processes.
(xi) Storage of goods.

4.4.5.8 During the course of physical visit/verification, the person who is nominated in the application form as point of contact must ordinarily be available unless unforeseeable situation arises. In addition, individuals responsible for specific business activities such as transport, record keeping and security should also be available.

4.4.5.9 On completion of verification, the AEO Programme Team will prepare their report and make a recommendation to the AEO Programme Manager within 60 days of completion of visits/verification. The contents of report and recommendation can be seen by applicant who will get the opportunity to sign the same, but this will not be a mandatory requirement.

4.4.5.10 Within 30 days of such recommendation by the AEO Programme Team, the applicant will be suitably informed, including issue of the appropriate AEO certificate for AEO-T2 or AEO-LO status, by the AEO Programme Manager.

4.4.6 Where the application for grant of AEO-T2 or AEO-LO status is not accepted by the AEO Programme Manager after the verification by the AEO Programme Team, the applicant will be advised of the criteria that have not been met and give the applicant time to adapt procedures to remedy the deficiency. If applicant is unable to make the required changes within the specified

time limits, the AEO Programme Manager will issue a decision to reject applicant's AEO application, explaining the reasons for rejection.

4.4.7 In exceptional cases, the physical verification may be stopped by consensus between the applicant for grant of AEO-T2 or AEO-LO status and the AEO Programme Manager in order for the applicant to provide additional information or to permit minor problems to be addressed. The period of stoppage will normally not be longer than six months and applicant will be informed in writing of the date when the AEO verification will recommence and the revised date by which applicant can expect a decision on his application.

4.4.8 In case an application for grant of AEO-T3 status is submitted by a holder of AEO-T2 status, who has been continuously enjoying the AEO-T2 status for a period of two years or more, the applicant shall be issued the AEO-T3 certificate within 30 days of submission of the application. However, in case of any significant changes in the business or the processes since the previous physical verification by an AEO Programme Team, the applicant may be subjected to physical verification as may be deemed necessary by the AEO Programme Managerby following the procedures as mentioned in the paragraph 4.4.5, 4.4.6 and 4.4.7 above**.**

4.4.9 In case an application for grant of AEO-T3 status is submitted by a holder of AEO-T2 status, who has not been continuously enjoying the AEO-T2 status for a period of two years or more, but who satisfies the eligibility condition mentioned at paragraph 1.2.3 (ii), the application will be assigned to a specific AEO Programme Team within 15 days to carry out physical verification of the **information and documents submitted in Annexure-F only**. The date(s) for physical verification would be decided by the team in consultation with the applicant. Thereafter, the procedures as mentioned in the paragraph 4.4.5, 4.4.6 and 4.4.7 above shall be followed. However, in case of any significant changes in the business or the processes since the previous physical verification by an AEO Programme Team, the applicant may be subjected to physical verification as may be deemed necessary by the AEO Programme Manager by following the procedures as mentioned in the paragraph 4.4.5, 4.4.6 and 4.4.7 above**.**

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4.5 Certification:

4.5.1. If AEO status is granted, the AEO Programme Manager shall send the Certificate of AEO Status to the applicant in hard copy along with an electronic copy. The Certificate shall bear the 'AEO logo' that may be used where it is appropriate to do so for the business, for example, company stationary, signage on vehicles or other publicity materials. The copyright for the logo is owned by the AEO Programme Manager on behalf of the Indian Customs Administration.

4.5.2. The AEO status will be activated within a week from the date of issue. Following this period, the applicant should enter the AEO certificate number on all Customs documentation to indicate their AEO Status.

4.5.3 It is highly recommended that the applicant should keep the Certificate of AEO status at a safe place and not release the AEO Certificate number to anyone unless required to do so for business purposes. Although the AEO status can be advertised by the applicant, the AEO Certificate number should not be part of their advertisement.

Section 5

Post-Certification Provisions

5.1 Validity of AEO Certificate

The validity of AEO certificate shall be **two years** for AEO-T1, **three years** for AEO-T2, and **five years** for AEO-T3 and AEO-LO.

5.2 Renewal of AEO certificate

5.2.1 The AEOs, if they so desire to continue their AEO status and avail the benefits, must submit their application as stipulated under Section 2 of this circular, before lapse of their validity as per the following:-

AEO status	**Time limit for submission of application for renewal before lapse of validity**
AEO-T1	30 days
AEO-T2	60 days
AEO-T3	90 days
AEO-LO	90 days

5.2.2 While submitting the application for renewal, the applicant must clearly highlight the changes from the last application.

5.2.3 AEO Programme Manager will consider the renewal applications by following the procedure adopted while granting the fresh AEO status.

5.3 Maintenance of AEO Status:

5.3.1 After obtaining AEO status, the AEO status holder should maintain their eligibility by adhering to the appropriate standards.

5.3.2 The holder of a Certificate of AEO Status is required to notify any significant change in business and processes which may affect the AEO status to the AEO Programme Team. These changes may include the following:

(i) Change to the legal entity.

(ii) Change of business name and/or address.

(iii) Change in the nature of business i.e. manufacturer / exporter etc.

(iv) Changes to accounting and computer systems.

(v) Changes to the senior personnel responsible for Customs matters.

(vi) Addition or deletion of locations or branches involved in international supply chain.

5.3.3 The AEO status holder should notify the AEO Programme Team as soon as the change is known or, at least within 14 days of the change taking place.

5.3.4. If the legal entity changes, the AEO status holder needs to reapply for AEO in the name of new legal entity.

5.3.5. If the AEO status holder makes Customs related errors, they must be reported to the local "Client Relationship Manager" (CRM) as well as the AEO Programme Team. Errors that are voluntarily disclosed will not impact the AEO status provided that the AEO status holder has:

(i) Examined the reasons for the errors.

(ii) Taken appropriate remedial action to prevent recurrence.

5.4 Review of AEO Status:

5.4.1 The AEO Programme Team will review AEO status periodically to ensure continued adherence to the conditions and standards of grant of Certificate of AEO Status. Thus, it is recommended that the AEO status holder should continue to re-assess its compliance with the conditions of certification and act upon any identified problems as soon as they arise. The frequency of such review will be two years, three years, five years and five years in case of AEO-T1, AEO-

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T2, AEO-T3 and AEO-LO respectively. As far as possible, the review and the onsite PCA, if applicable, will be conducted simultaneously.

5.5 Suspension or downgrading of AEO Status:

5.5.1 The AEO Programme Manager may suspend the Certificate of AEO Status in the following cases:

i. Where any non-compliance with the conditions or criteria for the Certificate of AEO Status has been detected; or

ii. In the case of a Custodian or Custom Broker or Warehouse Operator, where the basic license as a Custodian or Custom Broker or Warehouse Operator, as the case may be, has been suspended by the competent authority.

5.5.2 In the case of an AEO importer or an AEO exporter, if any show cause notice has been issued alleging infringement of Customs/Central Excise/Service Tax law, other than those covered under para 3.2.1, AEO Programme Manager may downgrade the status of an AEO-T3 to AEO-T2 or AEO-T1, or downgrade the status of an AEO-T2 to AEO-T1, or suspend the status of the AEO, as deemed appropriate. The decision shall be taken after due diligence and on careful evaluation of the material evidence and arguments against the AEO of the case. The AEO Programme Manager may consult the jurisdictional Commissionerate before arriving at the final decision in this regard. The decision to downgrade the AEO status shall be purely an administrative decision.

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Restoration of suspended/ downgraded AEO Status:

5.6.1 Where AEO status had been suspended on account of detection of any non-compliance with the conditions or criteria for the Certificate of AEO Status, and if the AEO holder takes the necessary remedial measures to the satisfaction of the AEO Programme Manager within 60 days of suspension, the AEO Programme Manager may restore the AEO status from a date to be notified by him.

5.6.2 Where AEO status had been suspended on account of suspension of the basic license as a Custodian or Custom Broker or Warehouse Operator or as the case may be, and subsequently such suspension of the basic license is revoked by the competent authority, the AEO Programme Manager may consider restoration of AEO status, and if deemed appropriate may restore the AEO status from a date to be notified by him.

5.6.3 Where AEO status had been suspended on account of issue of a show cause notice, and if the ratio of disputed duty demanded or drawback demanded or sought to be denied in SCNs issued under the Customs Act, 1962 during the last three years to the total duty paid and drawback claimed during the said period is not more than ten percent, the AEO Programme Manager may consider restoration of AEO status, and if deemed appropriate may restore the AEO status from a date to be notified by him.

5.6.4 In case an AEO status has been downgraded, it shall be open to the entity to apply again for higher status as and when the eligibility conditions and criterion are met by it. AEO Programme Manager will consider such applications by following the procedure adopted while granting the fresh AEO status.

5.7 Revocation of AEO Status:

5.7. 1 In following circumstances, the Certificate of AEO Status will be revoked:

i. Where the Certificate of AEO Status is already suspended and the AEO holder fails to take the remedial measure within 60 days to have the suspension withdrawn; or

ii. Where there is a reasonable belief that an act has been perpetrated that is liable to lead to prosecution and /or is linked to an arrest of person under Customs Act, 1962 as mentioned in Para 3.2.2; or

iii. A show cause notice has been issued to them involving fraud, forgery, outright smuggling, clandestine removal of excisable goods or cases where Service Tax has been collected from customers but not deposited to the Government as mentioned in Para 3.2.1; or

iv. Where the AEO status holder requests the authorization be revoked.

5.7.2 Prior to any decision to revoke authorization, the applicant will be notified. Revocation is applied from the day following the authorization holder being notified.

5.7.3 In case the AEO status is revoked, the AEO-T1 and AEO-T2 status holder will not be entitled to reapply for the AEO certificate for a period of one year from the date of revocation.

5.7.4 In case the AEO status is revoked, the AEO-T3and AEO-LO status holder will not be entitled to reapply for the AEO certificate for a period of three years from the date of revocation.

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APPLICATION FORM FOR GRANT OF AEO STATUS

(contains ten annexures A, B, C, D, E.1 to E.5 and F)

(Please fill-up the annexures as may be applicable to the applicant)

Annexure – A

(applicable for grant of AEO-T1, AEO-T2, AEO-T3 and AEO-LO)

1.	Name of Company / Economic Operator:	
2.	Category of business entity: (i.e. importer / exporter / Logistic Service Provider/ Custodian or Terminal Operator/ Customs Broker/ Warehouse Operator)	
3.	Whether already ACP/AEO certified? (If yes, annex copy of certificate and furnish following:) a. Identification number/code: b. Issued on: c. Valid upto:	
4.	Address: (If there are more than one site/ location, a separate list should be attached for all sites/ locations)	
5(a).	Contact person:*	
5(b).	Designation:	
5(c).	Phone number:	
5(d).	Mobile No.:	
5(e).	Fax No.:	
5(f).	Email address:	
6.	Company registration No.: (in case of companies registered under the Companies Act, 1956 and / or Limited Liability Partnership Act, 2008)	
7.	PAN (copy may be provided)	
8.	List of sites, under control, where import / export goods are handled, e.g. packed / unpacked / loaded / unloaded / consolidated etc. in the course of supply to/from international supply chain. Please include site address, phone number and contact person. (A separate list can be attached)	
9(a).	Major Items of import (in case of importers):	
9(b).	Main countries of import (in case of importers):	
9(c).	Major Items of export (in case of exporters):	
9(d).	Main countries of export (in case of exporters):	
10.	Number of import documents filed during the preceding financial year (in case of importers):	

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11.	Number of export documents filed during the preceding financial year (in case of importers):	
12.	Whether the business entity falls under the category of micro, small or medium enterprise (yes/no) (if yes, annex copy of evidence):	

Signature:

Place: Full Name:

Date: Position in Company:

*The applicant should nominate a readily accessible central point of contact person (who should be a senior management official within the administration of the applicant) in order to make available to the AEO Programme Manager or to any officer authorized by the AEO Programme Manager all the information necessary for the proving compliance with the requirements for issuing the AEO certificate.

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Annexure – B

(applicable for grant of AEO-T2, AEO-T3 and AEO-LO)

SECURITY PLAN

The economic operator wishing to participate in the AEO Programme shall submit to Customs a security plan documenting the policies, processes and procedures that it has in place to ensure that goods for export/import are packed at a secure premise/facility, accurately accounted for and transported securely to the point of export/import from the point of origin.

The security plan must detail the company's written and verifiable policies, processes, procedures etc., in respect of the following:

- Procedural security.
- Document security.
- Physical security.
- Access controls.
- Personnel security.
- Training and skill upgradation.
- Compliance with other Government security related requirements, if any.

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Annexure – C

(applicable for grant of AEO-T1, AEO-T2, AEO-T3 and AEO-LO)

PROCESS MAP

Process map should illustrate the flow of goods and documentation/ information from receipt of order to the point of export/delivery/receipt of the product.

It should describe all the activities/ operations and role of the applicant and that of other business partners who are involved in the import-export supply chain in any manner.

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Annexure – D

(applicable for grant of AEO-T1, AEO-T2, AEO-T3 and AEO-LO)

SITE PLAN

The site plan should cover the whole area managed by the company, clearly illustrating the following (if present):

- The external perimeter of the area, including features such as boundary roads, railway lines, streams/rivers, neighboring properties.
- All access points to the site (e.g. vehicle, rail and pedestrian entrances) with traffic flows.
- All buildings identified with access ways (e.g. administration office, export/import storage areas, export/import packing areas, export container movement).
- Internal and/or external lighting facilities that contribute to security.
- Other security features (e.g. CCTV, electronic access gates).
- Visitor, contractor and company personnel parking areas.
- Perimeter fences with description (e.g. 2-metre high security fence).
- Areas used for container storage.

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Note: Site plan should be submitted with respect to all the sites of the entity.

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Annexure – E

SELF-ASSESSMENT FORM

Annexure - E.1 General Compliance

(applicable for grant of AEO-T1, AEO-T2, AEO-T3 and AEO-LO)

E.1	Compliance	Yes	No	Remarks
(a)	Whether having Customs and/ or other Departments' license/ certificate with respect to category of AEO application? Copy of the same may be provided.			
(b)	Whether having other Customs, Central Excise, Service Tax and other Department's licenses/ registration/ certificates? If yes, copies of these may be provided.			
(c)	Type of business entity: Whether Proprietorship Firm, Partnership Firm, Public or Private Limited Company etc.? Copy of the concerned registration etc. may be provided.			
(d)	Whether your entity is established in India? If yes, please provide evidence in Remarks column which may include: (iv) A certificate of registration issued by the Registrar of Companies. (v) Type of business entity, whether Proprietorship Firm, Partnership Firm, Public or Private Limited Company and in that case the details of the Proprietor, Partners and Directors as the case may be should be provided along with the details of Company Secretary. (vi) Details of places/locations where goods are being handled, e.g. loading, unloading, storage etc., in the course of supply to/from international supply chain. (vii) Proof that the business has its own accounts.			
(e)	Whether your entity has business activities for at least three financial years preceding the date of application?			
(f)	Whether you have filed or handled at least 25 documents i.e. Bills of Entry or Shipping bills, with the Customs Authorities during the last financial year. A summary sheet may be provided.			
(g)	Whether the applicant has ever been convicted of a criminal offence? If so complete details of the same should be submitted.			

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Note:

1. The Self-Assessment can be carried out by the applicant themselves or through a third party having expertise.
2. If some points are not applicable, these should be mentioned in the 'Remarks' column with reason thereof.

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Annexure-E.2 Legal Compliance

(applicable for grant of AEO-T1, AEO-T2, AEO-T3 and AEO-LO)

E.2	**Compliance**	**Yes**	**No**	**Remarks**
(a)	Whether there is any cases of infringement of Customs Laws by any of the following persons over the three financial years preceding the submission of the application: (i) the applicant; (ii) the person in charge of the applicant company or exercising control over its management; (iii) the person responsible in the applicant company for customs matters. If yes, please indicate the details of the cases. Further, submit details related to volume of the customs related operations in '**Remarks'** column.			
(b)	Whether any SCN has been issued during last three financial years involving fraud, forgery, outright smuggling, clandestine removal of excisable goods or cases where Service Tax has been collected from customers but not deposited to the Government. If yes, please indicate the details in '**Remarks'** column.			
(c)	Whether there is any case against you wherein prosecution has been launched? If yes, please indicate the details in '**Remarks'** column.			
(d)	i. What is the amount of disputed duty demanded or recovery of drawback paid in excess or sought to be denied, in all the SCNs issued under the Customs Act,1962 during the last three financial years? ii. What is the total duty paid and drawback claimed during the preceding three financial years? ii. What is the ratio of the disputed duty amount involved in the Show Cause Notices (SCNs) to the total duty paid/ drawback claimed during the preceding three years?			
(e)	i. Whether procedures are in place to identify and disclose any irregularities or errors to the Customs authorities or, where appropriate, other regulatory bodies? If yes, enclose evidence in support of this. ii. Whether system is in place to take appropriate remedial action when irregularities or errors are identified? If yes, enclose evidence in support of this.			

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Annexure E.3 Managing commercial and (where appropriate) transport records

(applicable for grant of AEO-T1, AEO-T2, AEO-T3 and AEO-LO)

E.3	Compliance	Yes	No	Remarks
(a)	Whether maintaining an accounting system consistent with Generally Accepted Accounting Principles (GAAP) / International Financial Reporting Standards (IFRS) which facilitates audit-based Customs control?			
(b)	Whether there is 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, and have internal controls capable of detecting illegal or irregular transactions?			
(c)	Wherever applicable, have satisfactory procedures in place for the handling of licenses and authorizations connected to export/import?			
(d)	Whether having satisfactory procedures in place for archiving of the company's records and information, and also for protection against the loss of information?			
(e)	Whether there is a system to ensure that employees are made aware of the need to inform the Customs authorities whenever compliance difficulties are discovered and establish suitable contacts to inform the Customs authorities of such occurrences?			
(f)	Whether there is a satisfactory procedure for verifying the accuracy of Customs declarations?			
(g)	Whether there is an appropriate information technology security measures to protect the applicant's computer system from unauthorized intrusion and to secure the applicant's documentation?			

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Note: The applicant should enclose appropriate documentary evidences in support of above claims.

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Annexure E.4 Financial Solvency

(applicable for grant of AEO-T1, AEO-T2, AEO-T3 and AEO-LO)

E.4	Compliance	Yes	No	Remarks
(a)	Whether the applicant has been financially solvent during the three financial years preceding the date of application? (Solvency would generally be defined as good financial standing that is sufficient to fulfill the commitments of the applicant including ability to pay duties) Please attach Balance Sheets for last three Financial Years.			
(b)	Whether, where required, the accounts have been filed with Registrar of Companies within the time limits laid down by law?			
(c)	Whether, where applicable, audit qualifications or comments in the annual accounts about the continuation of the business as a going concern?			
(d)	Whether there are any contingent liabilities or provisions?			
(e)	Whether the net current assets are positive?			
(f)	Whether the entity has been defaulted in payment of due taxes during the past three years?			
(g)	Whether there is solvency certificate issued by the Statutory Auditor?If yes, provide the copy.			
(h)	Whether the business entity is currently listed as insolvent, or in liquidation or bankruptcy?			

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Annexure E.5 Safety and Security

(contains seven parts E.5.1 to E.5.7)

(applicable for grant of AEO-T2, AEO-T3 and AEO-LO)

(Note: The applicant should enclose appropriate documentary evidences in support of their claims under this section)

E.5.1	Procedural Security	Yes	No	Remarks
(a)	i. Whether there is a security policy and procedure manual which contains detailed guidelines on procedures to be followed to preserve the integrity of the cargo while in its custody, loading and unloading from transport conveyance and during transport? ii. Whether there is any laid down procedures and manual which stipulates how seals are to be controlled and affixed to cargo and transport conveyances?			
(b)	Whether security measures are in place to ensure the integrity and security ofprocesses relevant to the transportation, handling, and storage of cargo inthe supply chai			
(c)	Whether there is proper documentation of management procedure in place to ensure that all documentation used in the clearing of cargo is legible, complete, accurate and protected against the exchange, loss of introduction of erroneous information?			
(d)	Whether there is a procedure in place to ensure that information received from business partners is reported accurately and timely as well as declared in the time limit regulated by Customs?			
(e)	Whether procedure are in place to ensure that: a. Import / Export cargo are reconciled against the information on the bill of lading? b. The weights, labels, marks and piece count of the import/export cargo are accurately indicated? c. Import/export cargo are verified against purchase/delivery orders? d. Drivers delivering or receiving cargo are positively identified before cargo is received or released?			
	Whether all shortages, overages, and other significant discrepancies or anomalies are resolved and/or investigated appropriately?			

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E.5.2	Premises Security:	Yes	No	Remarks
(a)	Whether building is fully secured against unlawful entry?			
(b)	Whether all external and internal gates, fences and windows are fully secured with locking devices or alternative access monitoring or control measures?			
(c)	Whether the issuance of locks and keys is controlled by management or authorised personnel only?			
(d)	Whether adequate internal and external lighting have been provided especially for entrances and exits, cargo handling and storage areas, fence lines and parking areas?			
(e)	Whether gates through which vehicles and/or personnel enter/exit have been manned, monitored or otherwise controlled?			
(f)	Whether vehicles accessing restricted areas are parked in approved area and their license plate numbers furnished to Customs upon request?			
(g)	Whether only properly identified and authorized persons, vehicles and goods are permitted access?			
(h)	Whether access to document or cargo storage areas is restricted?			
(i)	Whether there are appropriate security systems for access control?			
(j)	Whether restricted areas have been clearly identified?			
(k)	Whether the integrity of structures and systems is periodically inspected?			
(l)	Whether perimeter fencing exists for enclosing the areas around cargo handling and storage facilities?			
(m)	Whether interior fencing exists within a cargo handling structure to segregate domestic, international, high value and hazardous cargo.			
(n)	Whether the number of gates is kept to the minimum necessary for proper access and safety?			
(o)	Whether unauthorized vehicles are prohibited from parking in or adjacent to cargo handling and storage areas?			

E.5.3	Cargo Security:	Yes	No	Remarks
(a)	Whether only properly identified and authorized persons have access to the cargo?			
(b)	Whether integrity of cargo is ensured by permanent monitoring or keeping in a safe, locked area?			

(c)	Whether all seals meet the current PAS / ISO 17712 standards for high security seals especially with maritime containerized cargo?			
(d)	In cases of air consignments/courier consignments where it is not possible to procure and use PAS / ISO 17712 seals, whether any international seal compatible with standards of PAS/ISO 17712 isbeing used?			
(e)	Whether the integrity of container seals are being checked by the authorized person by following the procedure prescribed in the security policy manual?			
(f)	Whether only authorised personnel distribute container seals and safeguard their appropriate and legitimate use?			
(g)	Whether the seven-point inspection process is carried out in respect of containers before stuffing of cargo therein? (These seven points include: Front wall, Left side, Right side, Floor, Ceiling/Roof, Inside/outside doors, Outside/undercarriage.)			
(h)	Whether it is possible to deliver goods to an Unsupervised area?			
(i)	Whether appropriate procedures have been laid down on measures to be taken when an unauthorized access or tampering is discovered.			
(j)	Whether goods are uniformly marked or stored in designated areas only?			
(k)	Whether appropriate procedures exist to weigh / tally the goods and compare them against transport documents, purchase/sales orders and Customs papers?			
(l)	Whether internal control procedures exist to deal with situations when any discrepancies and/or irregularities are discovered?			

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E.5.4	**Conveyance Security**	**Yes**	**No**	**Remarks**
(a)	Whether, to the extent possible, all conveyances used for the transportation of cargo within the supply chain are capable of being effectively secured?			
(b)	Whether, to the extent possible, all operators of conveyances used for transport of cargo are trained to maintain the security of the conveyance and the cargo at all times while in its custody?			
(c)	Whether all operators are required to report actual or suspicious incident to designated security department staff of the applicant company as well as to maintain records of these reports, which should be available to the AEO Programme Team and the Customs?			
(d)	Whether potential places of concealment of illegal goods on conveyances are regularly inspected? (Such places include all internal and external compartments & panels.)			
(e)	Whether the transporters are required to maintain the conveyance integrity while it is en route transporting			

	cargo to export/import points or import/transit containers by utilizing a tracking and monitoring activity log or records?			
(f)	Whether pre-determined routes are identified by the dispatcher?			
(g)	Whether procedures are in place for random route checks, and for documenting and verifying the length of time between the loading point/trailer pickup and the delivery destinations?			
(h)	Whether there is a system to ensure that the drivers notify the dispatcher of any route delays due to weather, traffic and/or rerouting?			
(i)	Whether the management of transporters is required to perform a documented, periodic and random verification process to ensure that the logs are maintained and conveyance tracking and monitoring procedures are being followed and enforced?			

E.5.5	**Personnel security:**	Yes	No	Remarks
(a)	Whether all reasonable precautions have been taken when recruiting new staff to verify that they are not previously convicted of security-related, Customs or other criminal offences?			
(b)	Whether periodic background checks are conducted on employees working in security sensitive positions?			
(c)	Whether employee identification procedures require all employees to carry proper identification that uniquely identifies the employee and organisation?			
(d)	Whether procedures are in place to identify, record and deal with unauthorized or unidentified persons, such as photo identification and sign-in registers for visitors etc at all points of entry?			
(e)	Whether procedures are in place to expeditiously remove identification and access to premises and information for employees whose employment is terminated?			

E.5.6	**Business Partner Security**	**Yes**	**No**	**Remarks**
(a)	Whether the applicant has written and verifiable process, including the capability of financial soundness and compliance with the safety requirement set by the contracts as well as the capability of detection and correction of safety defects, for selection of business partners?			
(b)	For AEO business partners, whether the applicant has obtained the copies of their AEO certificate?			
(c)	For non-AEO business partners, whether the applicant has obtained written confirmation from them that they meet AEO equivalent security			

	criteria? The applicant may obtain one of the following written documents from such business partners for demonstrating their compliance with security criteria? (i) Contractual document (ii) A completed self-assessment security questionnaire from the applicant. (iii) A written statement from the business partner demonstrating their compliance with AEO security criteria. (iv) Senior business partner officer attesting to compliance. (iv) Documents from the business partners demonstrating their compliance with and equivalent and accredited security program administered by a foreign Customs authority.			
(d)	Whether a system exists to encourage other concerned business entities/trading partners to assess and enhance supply chain security?			
(e)	Whether a system is in place for periodic reviews of business partner's processes and facilities based on risk, and maintenance of security standards by the business partners is as required by the applicant?			

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E.5.7	**Security Training and Threat Awareness**	**Yes**	**No**	**Remarks**
(a)	Whether the applicant has established and maintained a threat awareness program for employees to foster awareness of the threat at each point in the supply chain?			
(b)	Whether employees of the applicant are aware of the procedures which are in place to address a situation and how to report it?			
(c)	Whether specific trainings are offered to assist employees for maintaining cargo integrity, recognizing internal conspiracies and protecting access controls?			
(d)	Whether supply chain security trainings of employees include the following items? 1. Security policy of the company. 2. Potential risk to internal security of the company. 3. Maintaining cargo security. 4. Access control measures of the company. 5. Identifying and reporting suspicious cargo			

	and personnel. 6. Conveyance management and cargo security for conveyance management personnel.			
(e)	Whether the records of security training are maintained and are available for verification by the AEO Programme team and Customs.			

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Annexure F Business Partners Details

(applicable for grant of AEO-T3 only)

Please furnish list of all the business partners of the applicant, who are in any manner involved in the international supply chain, as under:

Sl. No.	Name and address	Nature of business (Logistics Service providers, Custodians/Terminal operators, Customs Brokers or Warehouse operators)	Whether holder of AEO-T2 certificate (Yes/No)

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