

Authorised Economic Operator status

Hosted by William Barns-Graham

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Today's speaker



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- › Developed educational and training programmes for UK Customs Academy and IOE&IT qualifications
- › Specialist Tutor for the UK Customs Academy
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- › 20+ years of experience in customs, international trade and supply chain operations
- › Member of government trade and customs committees



POLL: What will you hope to gain from this webinar?



Contents

- » **What is AEO?**
- » Who should apply and why
- » Criteria and application process
- » Audits and managing AEO status



What is Authorised Economic Operator status?

- ◆ Scheme that declares the trader has been approved by national customs authority for:
 - ◆ Customs compliance
 - ◆ Supply chain security standards
- ◆ An Authorised Economic Operator (AEO) is a party involved in the international movement of goods
- ◆ International quality mark providing traders with “trusted trader” status

Different AEO schemes

There are 2 types of status:

- ◆ Authorised Economic Operator customs simplification (AEO-C)
- ◆ Authorised Economic Operator security and safety (AEO-S)

AEO customs simplification (AEO-C)

If you hold this status and are based in GB, you could benefit from:

- ◆ Faster application process for customs simplified procedures
- ◆ Lower risk score
- ◆ Guarantee waiver



AEO security and safety (AEO-S)

If you hold this status, you could benefit from:

- ◆ Improved profiling at customs
- ◆ Preferential treatment by customs on international trade movements
- ◆ Reduced declaration requirements
- ◆ Reciprocal arrangements and mutual recognition



Difference between AEO-C and AEO-S

- ❖ AEO-S covers safety and security and is applicable mainly to exporters
- ❖ AEO-C offers a vast range of benefits, many of which focus on the import of goods, and use of special procedures
 - ❖ It also includes AEO-S



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Benefits of AEO



Faster
clearance



Improves
lead times



Simplified
processes



Reduces risk
of delays



Why consider AEO-C?

- ◇ Simplified declaration procedure under Customs Freight Simplified Procedures (CFSP)
- ◇ Local clearance procedure under Customs Freight Simplified Procedures (CFSP) and the National Export System (NES)
- ◇ Simplifications for regular shipping services
- ◇ Guarantee waivers
- ◇ Industry “kite mark” and useful marketing tool



Why consider AEO-S

- ◆ Lower risk score used to determine frequency of customs' physical and documentary checks
- ◆ Consignments may be fast-tracked through customs controls
- ◆ When required to make pre-arrival/pre-departure summary declarations, AEOs will be able to omit certain data elements
- ◆ Potential for future reciprocal arrangements and mutual recognition with countries outside the UK
 - ◆ Also known as Mutual Recognition Agreements (MRAs)
 - ◆ For example, the USA
 - ◆ Or trading partners that adopt the WCO Safe framework



Who can apply?

Anyone involved within the international supply chain

- ◊ Importers
- ◊ Exporters
- ◊ Warehouse keepers
- ◊ Manufacturers
- ◊ Freight forwarders
- ◊ Customs agents
- ◊ Carriers



POLL: Which of these best describes how you handle customs processes?



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Overview of AEO criteria

Includes but not restricted to:

- ◆ Appropriate record of compliance
- ◆ Satisfactory system of managing commercial and (where appropriate) transport records, which allows appropriate customs controls
- ◆ Proven financial solvency
- ◆ Appropriate security and safety standards (when you are applying for a security and safety AEO certificate)



Overview of AEO criteria

Applicants must:

Be a legal entity

Be established in
GB or NI

Be actively involved in
customs operations
and international trade

Have an EORI number

HMRC checks

Tax and customs
compliance

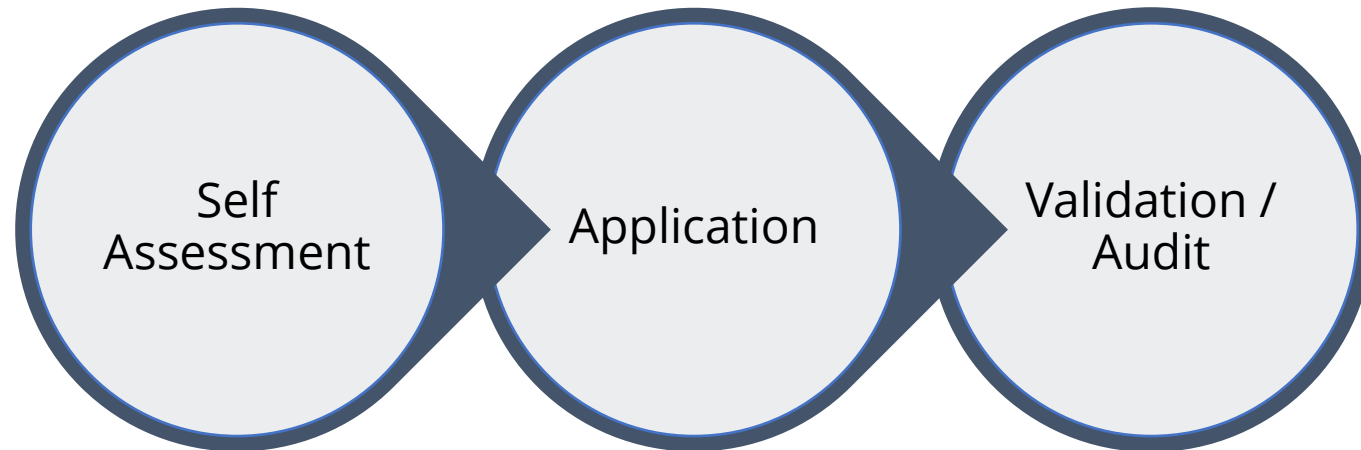
Customs record
keeping

Practical standards of
competence or
professional qualifications

Proven financial
solvency

Security and safety

Application process



Information needed

To apply for AEO status you will need to gather information about your business:

- ◆ C117 - Application for AEO status
- ◆ C118 - Guidance for completing application
- ◆ Notice 117

Submit online through Government Gateway



Pre-submission check list

- ◆ Cost-benefit analysis
- ◆ Senior management buy-in and sign-off
- ◆ Development of AEO project plan
- ◆ Self-assessment
- ◆ Remediation of compliance gaps encountered
- ◆ Documentation of all relevant processes, to a standard accepted by customs administrations



Post-submission check list

- ◆ Answer follow-up questions from customs administration
- ◆ Preparation for an official audit by customs

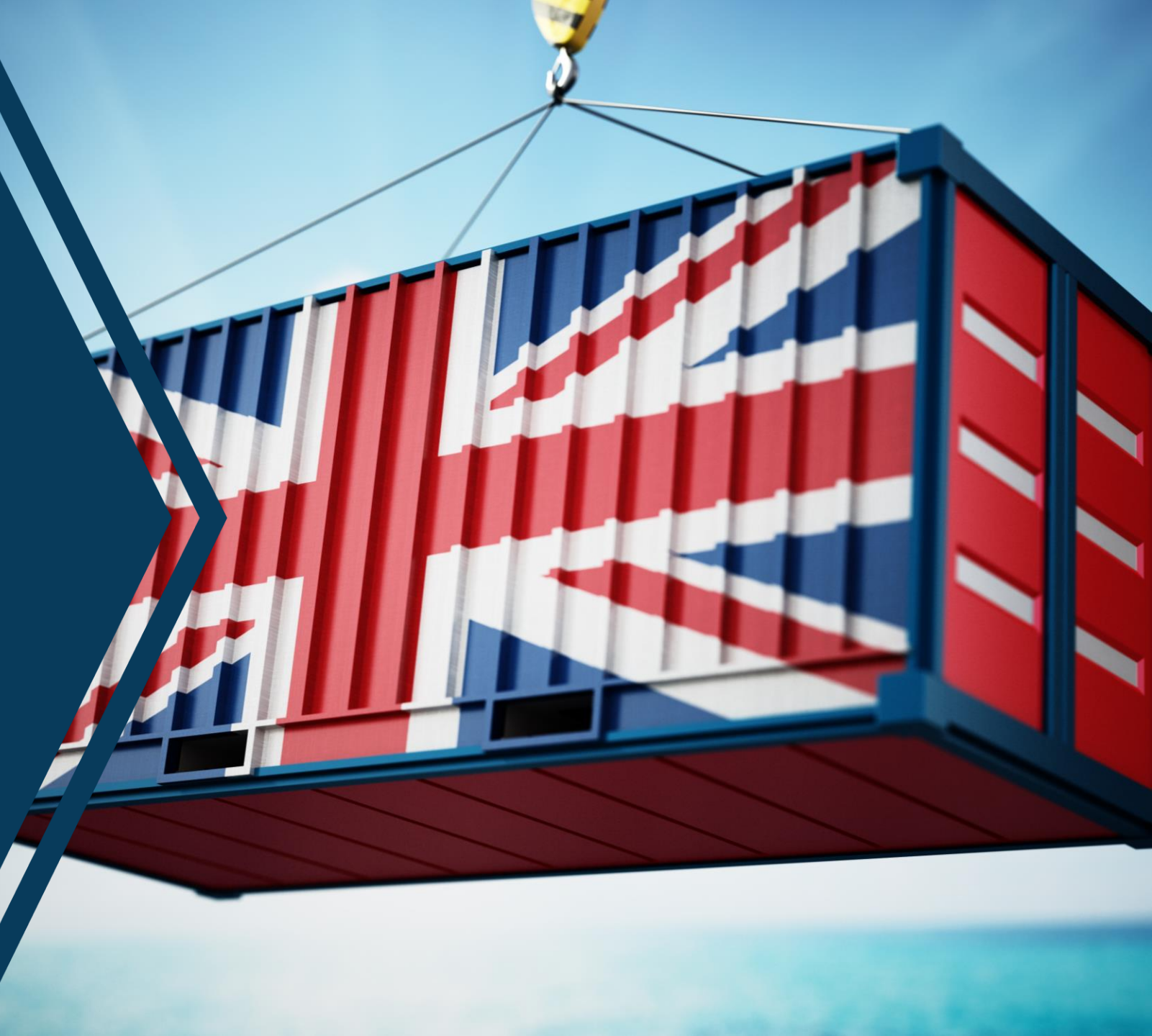


Common reasons for rejection

- ◆ Insufficient responses on the initial application forms
- ◆ Lack of evidence during the assessment stage
- ◆ General lack of understanding of criteria
 - ◆ Not having a comprehensive understanding of UK customs legislation and customs entry auditing



POLL: Which of these are the most important barriers to your company doing business overseas? (pick 3)



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Audits

When applying for AEO status HMRC will audit the trader in the following areas

- ◆ Internal control systems
- ◆ Documented procedures
- ◆ Quality assurance
- ◆ Security



How to manage AEO status once obtained

- ◆ Design and/or implement monitoring plan to ensure business will continuously meet AEO status criteria in future
- ◆ Regular internal/external AEO status compliance reviews



Checklist for managing AEO

- ◇ Stay updated and informed of changes to customs legislation
- ◇ Regularly update the internal policies and procedures
- ◇ Communicate to HMRC any changes in the business's details
- ◇ Disclose errors proactively
- ◇ Provide training
- ◇ Undertake AEO status compliance reviews



Useful links

- ◆ [AEO](#)
- ◆ [C117 - Application for AEO status](#)
- ◆ [C118 - Guidance for completing application](#)
- ◆ [Notice 117](#)
- ◆ [AEO Benefits](#)



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POLL: Which of these means of support should the government utilise to help traders overcome trade barriers? (pick 3)



Q&A

SME Brexit Support Package

- ◆ New package of training and support from the IOE&IT
- ◆ Supports firms adjusting to new rules for EU trade
- ◆ Includes in-house options and creation of 'action plan' bespoke to business
- ◆ Fundable by new government grants:
 - ◆ SME Brexit Support Fund
 - ◆ Grants up to £2000 towards training and/or professional advice
- ◆ <https://www.export.org.uk/SMEBrexitSupport>



**Thanks for
listening**