The process of AEO-T1 accreditation has been further simplified and decentralised by Circular No. 26/2018 dt. 10.08.2018. Officers in the Rank of Principal Commissioner/Commissioner have been appointed as the Zonal AEO Programme Manager in each Zone headed by Principal Chief Commissioner or Chief Commissioner of Customs and are responsible for final acceptance or rejection of the AEO application. Thus, the AEO-T1 application is processed by AEO Cell and eligibility thereto is decided at Zonal level only. The decision is conveyed to Directorate of International Customs for generation of AEO Certificate. Such approved applications are sent online by the zones to DIC Delhi for generation of digitally signed certificate.

Q 23. Who is AEO programme manager for Indian AEO Programme?

ANS.
The Principal Commissioner, Directorate of International Customs, having office at 10th floor, Tower-2, Jeevan Bharti Building, Connaught Place, New Delhi-01 is the AEO Programme Manager for Indian AEO programme.

Q 24. Whether an economic operator whose application is once rejected under the current scheme, can apply again for AEO status?

ANS.
Yes, the application can be filed again if grounds on which the application was rejected are no longer valid and the applicant is otherwise eligible for AEO status.

Q 25. What are the requirements for filing AEO T1/T2/T3/LO application?

ANS.
An applicant for AEO-T1 status is to file application online (Domain name: aeoindia.gov.in) in prescribed proforma as amended by Circular Nos. 03/2018-Customs, 26/2018 and 51/2018 -Customs.

The nodal officer of the jurisdictional Chief Commissioner forwards the processed application of AEO-T2/T3 and AEO-LO with recommendation to programme manager of Indian AEO Programme having office at Delhi for taking final decision on AEO accreditation.

An on-line website (Domain name: aeoindia.gov.in) has been created for filing and processing of AEO-T1 application. The applicant can login to the website and file the AEO-T1 application. A separate FAQ about online filing of application is attached as Annexure-A.
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**Q 26. Can an existing AEO status holder file application for higher AEO status? If yes, what is the time limit for filing such application?**

**ANS.** An existing AEO certificate holder can apply for higher AEO status. There is no time limit for filing higher status application except in case of AEO-T3.

In case of AEO-T3, either the entity should have had AEO-T2 status continuously for two years or when all its business partners in international supply chain have acquired either AEO-T2 or AEO-LO status.

**Q 27. Can a consultant be appointed as the contact person or the authorised person for filing application?**

**ANS.** No. The applicant has to nominate the contact person/authorised representative from company’s own administration only (Para 2.3 of Circular No. 33/2016-Customs).

**Q 28. Who can apply for AEO status?**

**ANS.** Any business entity that is part of the international supply chain; involved in the cross-border movement of goods and required to fulfill obligations under the Customs law in India, only can apply for AEO status. These may include exporters, importers, logistic providers (e.g. carriers, airlines, freight forwarders, etc.), Custodians or Terminal Operators, Customs House Agents and Warehouse Owners, Port operators, authorized couriers, Stevedores etc. The list is not exhaustive.

**Q 29. What is the eligibility criteria for a business entity to apply for Indian AEO status?**

**ANS.** The eligibility conditions and criteria for granting AEO Status has been listed in the Section 3 of the AEO Circular No. 33/2016 –Customs dated 22nd July, 2016 as amended by Circular No. 3/2018-Customs dated 17th January, 2018. An entity should fulfil the following criteria:

- Established in India;
- Business should be involved in Customs related activity;
- Should have dealt with minimum 25 Customs documents (either Bill of Entry or Shipping Bill) in the last financial year;
- Should have been in business activity for last 3 Financial Years.
Q 30. Whether a branch of a legal entity can apply for a separate AEO Status?
ANS. No. There is no provision to grant AEO status to specific site, division or branch of legal entity of the applicant.

Q 31. Whether a newly established company can apply for AEO Status?
ANS. As per the Indian AEO requirements, the applicant should have business activities for at least three financial years preceding the financial year of 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 can consider it for certification.

Q 32. Whether a legal entity falling under three tier AEO programme as an importer/exporter and single tier AEO programme as a logistics provider can apply for single accreditation of AEO T1/T2/T3 or AEO LO?
ANS. No, such economic operator should apply separately for any of the three tier AEO programme of importer/exporter (AEO T1/T2/T3) or single tier AEO LO status.

Q 33. Whether AEO programme is open to micro, small and medium enterprises?
ANS. Yes, the AEO programme includes MSMEs and the eligibility conditions and criteria for granting AEO status are same regardless of size.

Q 34. What are the legal requirements for applying for AEO status? What are the documents to be submitted?
ANS. The Legal requirement for applying for AEO status, as prescribed in para 3.2 and annexure E.2, to Circular No. 33/2016-Customs dated 22.7.2016.

Q 35. What are the documents to be submitted as proof of having business activity for the last three financial year preceding the date of application?
ANS. The documents/evidence include Certificate of Incorporation, Import-Export Code (IEC), balance sheets for three-years etc.

The only requirement is that the entity should have handled at least 25 Customs documents in preceding Financial Year.

Q 36. In case where applicant does not have audited balance sheet, what documents are to be submitted in its place?
ANS. In cases where the statute exempts the applicant from statutory audit, the applicant can submit balance sheet certified by both the proprietor/partner/MD and any chartered accountant (CA) stating the profit /loss and net worth for the purpose of AEO application.

Q 37. What documents are needed to be submitted by a business as proof of having its own accounts?
ANS. The documents/ evidence required as a proof about the business of a company having its own accounts include cancelled cheque, account statement, audited balance sheets.

Q 38. What does procedure in place to identify and disclose irregularities means?
ANS. It means that the applicant must have tools in the form of Customised software or manual checks to identify risks and detect error in Customs documents (B/L, invoice and Packing list), for self-assessment of goods imported i.e. proper check of classification, valuation etc and after clearance of goods from Custom control, they must have the process to reconcile the goods with duty paid invoice and packing list.

Further they may have documented processes/SOPs/escalation matrix to communicate the error noticed to Customs on real time basis and maintain record of such errors for viewing of their employees so that such mistakes do not recur.

Q 39. How is the ratio between duty demanded and total duty paid/drawback claimed more than 10% are not eligible for AEO accreditation?
ANS. Yes. In case the ratio is above 10%, the AEO programme envisages examination of the nature of cases of duty demand. The decision for issue or continuance of AEO status is at the discretion of AEO programme manager based on examination of the Show Cause Notices issued.

Q 40. Whether the applicant having ratio of duty demanded and total duty paid/drawback claimed more than 10% are not eligible for AEO accreditation?
ANS. No. If such mistakes do not recur.

Q 41. What are the documents required to be maintained for ensuring compliance of Annexure E.3 – Managing Commercial and Transport Records?
ANS. The AEO applicant should:
   a) maintain records which permit Customs to conduct any required audit of cargo movement relating both to import and export;
   b) give Customs full access to necessary records;
   c) have internal records access and control systems;
   d) appropriately maintain and make available to Customs any authorizations, powers of attorney and licences relevant to the importation or exportation of merchandise;
   e) properly archive records for later production to Customs. For instance, for Customs purpose, the records should be maintained at least for five years.
   f) employ adequate information technology security measures which will protect against access by unauthorized persons.

ANS. E-2 calculated?
AUGUST 2019

Q 42. What accounting system is required to be followed by an AEO [Annexure E.3(a)]?

ANS. Any accounting system consistent with Generally Accepted Accounting Principles (GAAP) / International Financial Reporting Standards (IFRS) which facilitates audit-based Customs control can be adopted. The audited balance sheet by Auditor contains remark about the Accounting system adopted by applicant.

Q 43. What are the documentary evidences in support of claim of compliance required as per annexure E.3(b) i.e. adequate administrative set up and internal controls for detecting illegal or irregular transactions?

ANS. Generally, the audited financial statement/balance sheet contains comments as to whether administrative set up corresponds to size of business. Other requirements for internal controls are satisfactory organizational setup to handle goods and documents related to same in the international supply chain.

Q 44. What are the documentary evidences in support of claim of compliance required for storage and archiving of documents as per annexure E.3(d)?

ANS. The applicant must have documented processes/Standard Operating Procedures (SOPs) for storage and archiving of records and information. The SOP may contain the process of storing with the responsibility of concerned person, period of storing / archiving, process of taking suitable measures like back up for protection against loss of information. If the applicant has outsourced the storage and archiving of records, then the above requirements should be covered in the agreement with the agency storing the records and such agreements should be presented along with the application.

Q 45. What are the requirements for Annexure E.3(v) i.e. need for employee to inform Customs about compliance difficulty?

ANS. The applicant may submit their practice/processes of educating/training their employees on Customs compliances. The process must include procedure to convey compliance difficulties, if any, to the designated Customs officer. The applicant may designate a person in their organisation for above purpose.

Q 46. Is there any format for the undertaking regarding solvency and for the solvency certificate?

ANS. No, there is no format in AEO Circular No. 33/2016-Customs. The only requirement is that the certificate should be for last three financial years (Each year) based on books of accounts and financial statements, tax returns etc.

Q 47. Who are required to submit Security Plan (Annexure B) and fulfil requirement listed in Annexure E.5 of AEO Circular 33/2016?

ANS. The applicant for AEO T-2, T-3 and AEO-LO are required to submit Security plan and documents/evidence in support of fulfilment of requirements for safety and security listed in Annexure E.5.1 to E.5.7.

Q 48. What are the requirements of Safety and Security for AEO applicant?

ANS. The safety and security criteria is listed in Para 3.5 and Annexure E.5.1 to E.5.7 of Circular No. 33/2016. It has seven components.

a) Procedural Security [refer para 3.5.2]

Q 49. What is the additional requirement for AEO T-3 applicant?

ANS. In addition to submission of documents and fulfillment of requirements prescribed for AEO T-2 applicant, the applicant for AEO T-3 has to submit details prescribed in Annexure F of Circular No. 33/2016 dated 22.07.2016. In Annexure F, the applicant has to give details of all its business partner(s) in International Supply chain which includes their accreditation under Indian AEO Programme. The declaration is to be given in format of Annexure “F”.

The AEO T3 applicant who are not AEO T-2 certificate holder for last two preceding financial years must have all business partners (CB, Freight forwarder, liner etc) AEO T-2 or AEO-LO certificate holder.

Q 50. What are the documents to be filed along with declaration

made in Annexure A of the AEO?

ANS. The following documents are required to be submitted along with the application:

a) Certification of incorporation from registrar of companies (ROC)
b) Declaration about ACP/AEO status (Self)
c) Address/Sites/Locations of places where goods are handled in the international supply chain and administrative offices

d) Previous three years audited financial accounts
e) Previous three years bank accounts
f) GSTIN, IEC, PAN, Company incorporation certificate

g) List of bills of entry and shipping bills handled during the last financial year

h) Places of business and its addresses and phone numbers

i) List of directors with DIN numbers.

j) Evidence/ Certificate issued under MSME Act, if the applicant claims to be MSME.

k) Authorisation letter for contact person of applicant from proprietor/ partner/ board of directors/ managing director

Q 51. Whether Annexure B (security plan) is to be given for all premises belonging to applicant?

ANS. Yes. However, if the company’s written and verifiable policies, processes, procedures, access control and other security policies, training and skill upgradation and compliance with government is same for all locations, the applicant can submit security plan of any one premise which is valid for all its premises used in International Supply Chain.
Q 52. What is Annexure C (Process Map)? Whether it is related to premises belonging to applicant?

ANS. The process map should illustrate the flow of goods, documentation/information from receipt of order to export/delivery/receipt of goods. The same has to be separate for each activity such as exports, imports, providing service for logistics operators etc. Hence, Annexure-C shall be for each individual activity of the applicant. The Process-Map must include role of applicant and its business partners in the supply chain.

Q 53. Whether Annexure D (Site Plan) is to be given for all premises belonging to applicant?

ANS. Yes, the site plan as prescribed in Annexure D of Circular should be for all locations/sites.

Q 54. What are the documents required for General compliance (Annexure E.1)?

ANS. The following documents are required for general compliance:

a) Copy of AEO certificate, if any; 
b) Copy of IEC, GSTIN; 
c) Declaration on type of business entity with copy of registration. For instance, in case of public or private limited, certificate of incorporation issued by ROC; in case of partnership, registered partnership deed; in case of small proprietorship firm, a license issued by local shop and establishment Act etc.;
d) List of locations/where goods are being handled (For example, loading, unloading, storage etc);
e) Cancelled bank cheque or certificate from Bank evidencing account of applicant, account statement from bank etc as a proof of business having own account;
f) List of documents (Bill of entry, shipping bills) handled in the last Financial Year;
g) Declaration on conviction in criminal offence, if any, with details.

Q 55. In what cases is the application for AEO accreditation not processed or returned for rectification?

ANS. The application for AEO accreditation is not processed in following cases:

a) When application is incomplete. The application may be resubmitted with the complete information.
b) Where the application has not been made by a legal person. The same can be resubmitted by the concerned legal entity.
c) Where no responsible person is nominated as the Point of Contact. The application can only be resubmitted when the applicant nominates a responsible person from his/her organisation only, who will be the point of contact for the AEO Programme.
d) Where the applicant is subject to bankruptcy proceedings at the time the application is made. The application can be resubmitted when the applicant becomes solvent.
e) Where a previously granted AEO status has been revoked. The application can be submitted only after one year, in case of AEO T-1 & T-2 and after three years in case of AEO T-3 and LO, from the date of revocation.