

Further help and advice

If you need general advice or more copies of HM Revenue & Customs notices, please ring the **National Advice Service** on **0845 010 9000**. **You can call between 8.00 am and 8.00 pm, Monday to Friday.**

If you have **hearing difficulties**, please ring the **Textphone** service on **0845 000 0200**.

If you would like to speak to someone in **Welsh**, please ring **0845 010 0300**, **between 8.00 am and 6.00 pm, Monday to Friday.**

All calls are charged at the local rate within the UK. Charges may differ for mobile phones.

1. Introduction and overview

1.1 What this notice is about

This notice explains the purpose of Authorised Economic Operators and how you can apply for authorisation as an AEO.

This notice is not the law. It is our view of what the law says and nothing in this notice takes the place of the law.

Whilst every effort is made to ensure the accuracy of the information in this notice, the onus remains with you to consult the Official Journal as necessary and ensure that the correct rules are applied.

1.2 What is an AEO

An AEO is an economic operator who, by virtue of satisfying certain criteria, is considered to be reliable in their customs related operations throughout the European Community and is therefore entitled to the benefits listed in paragraphs 1.6 to 1.9. Depending on the type of AEO certificate applied for and authorised, these can include either easier access to certain customs simplifications or certain facilitations from customs security and safety controls, or both.

1.3 Why is the status of AEO being introduced

The introduction of AEO status is the ECs response to the need to secure international supply chains and the introduction of Customs-Trade Partnership Against Terrorism (C-TPAT) in the USA and the development of the Safe framework of standards in the World Customs Organisation. The aim is to provide business with an internationally recognised quality mark which will indicate that their role in the international supply chain is secure and their customs controls and procedures are efficient and compliant. An operator with AEO security and safety status implies that apart from being reliable in the traditional financial and customs terms, you are also compliant in respect of security and safety standards and can therefore be considered as a “secure” trader and thus a reliable trading partner.

1.4 The Law

AEO is governed by European Community law. The basic law is set out in Council Regulation (EC) No 648/2005 amending Council Regulation (EC) No 2913/92 (the Customs Code) and Commission Regulation (EEC) No 1875/2006 amending Commission Regulation (EEC) No 2454/93 (the Implementing Provisions).

1.5 Types of AEO Certificate

There are three types of certificate:

- Security and safety - issued to any business who fulfils the criteria of customs compliance, appropriate record-keeping standards, financial solvency, and maintains appropriate security and safety standards.
- Customs simplifications - issued to any business who fulfils the criteria of customs compliance, appropriate record-keeping standards and financial solvency.
- Customs simplifications/security and safety - issued to any business who fulfils the criteria of customs compliance, appropriate record-keeping standards, financial solvency, and maintains appropriate security and safety standards and who wants to receive the benefits of both types of AEO.

See [section 3](#) for further information on how these criteria are applied.

1.6 What are the benefits of a security and safety AEO certificate

If you hold AEO status for security and safety purposes it will enable you to benefit from certain facilitations of customs controls at the entry of the goods into the customs territory of the Community or when your goods leave the customs territory of the Community. These will include:

- a lower risk score which will be incorporated into customs' risk management systems and be used to determine the frequency of customs physical and documentary checks
- consignments may be fast tracked through customs controls. Holding an AEO security and safety certificate does not mean that your consignments will not be subject to examination for prohibited or restricted goods or on behalf of other government agencies. However if it is selected for examination it will receive priority over non AEOs
- when the requirement to make pre arrival/pre-departure summary declarations is introduced in July 2009 AEOs will be able to omit certain data elements from the declaration
- recognised status across the EC
- an industry "kite mark" and useful marketing tool
- potential for future reciprocal arrangements and mutual recognition with countries outside the EC eg USA or trading partners that adopt the WCO Safe framework.

1.7 What are the benefits of a customs simplification AEO certificate

There are a number of customs simplified procedures in place such as:

- The Local clearance procedure under Customs Freight Simplified Procedures (CFSP) and the National Export System (NES).
- Simplified declaration procedure under CFSP and NES.
- Simplifications for regular shipping services.

You do not need to be an AEO certificate holder to apply for these simplifications. However if you hold a customs simplification AEO certificate it will speed up the process of authorisation when you apply for these procedures as we will not need to re-examine any criteria that have already been met when you applied for AEO.

When the Modernised Customs Code is agreed and implemented, possibly in 2010 a number of additional measures will require the same criteria as a customs simplification AEO certificate. These are likely to include:

- guarantee waivers
- centralised clearance where more than one Member State is involved

- accreditation of agents who wish to operate in more than one Member State
- the ability to apply for a single community authorisation to use simplified declaration procedures across the EC.

The AEO customs simplification certificate will also be:

- a recognised status across the EC that should make it easier for businesses to apply and use simplifications across the EC
- an industry “kite mark” and useful marketing tool.

1.8 What are the benefits of a combined customs simplification and security and safety certificate

If you hold a combined certificate you will be entitled to receive all the benefits listed in paragraphs 1.6 and 1.7.

1.9 Are there any other indirect benefits in having AEO status

There may be other commercial benefits in having AEO status or in carrying out the work necessary to document procedures and improve the security of your supply chain to obtain AEO status. These may include reduced incidences of theft or losses in transit, improved security and communication with your partners in the supply chain and improved customer confidence.

1.10 What happens if I decide not to apply for AEO status?

There will be no loss of existing authorisations or simplifications if you decide not to apply. Current clearance times in the UK for businesses that do not have AEO status will not be affected. However you will not receive any of the additional benefits listed in paragraph 1.6 and 1.7.

1.11 For AEO purposes when does the international supply chain start and end

For security and safety purposes the international supply chain starts from the process of manufacturing goods destined for export from the customs territory through to the delivery of those goods to the party to whom they are consigned in another customs territory. It can include all the parties listed in paragraph 1.12 involved in that supply chain. Non community goods transferred within the EU are part of the international supply chain.

1.12 Who can apply for AEO status

Anyone involved in the international supply chain that carries out customs related activities in the EC can apply for AEO status irrespective of the size of your business. This includes logistics operators, carriers, freight forwarders and customs agents.

You may apply if you fall into one or more than one of the following categories:

- **Manufacturers** - ensures a safe and secure manufacturing process for their products and supply of those products to their clients.
- **Exporters** - the person on whose behalf the export declaration is made and who is the owner of the goods or has similar right of disposal over them at the time the declaration is accepted. For persons established outside the Community the exporter shall be considered to be the contracting party established in the Community.
- **Freight forwarders** - organising the transport of goods on behalf of an exporter, importer or other party.
- **Warehouse keepers** - a person authorised to operate a customs warehouse.
- **Customs agents** - a customs representative acting on behalf of a person who is involved in customs related business activities (direct representative) or in his own name (indirect representative).
- **Carriers** - person who actually transports the goods or is in charge of or responsible for the operation of the means of transport.
- **Importers** - an operator on whose behalf an import declaration is made and who at the time the declaration was accepted is the owner/consignee of non community goods or if not the owner is responsible for the control of the goods.

Businesses that are not involved in customs related activities will not be entitled to apply. This means any of the following categories will not normally be eligible to apply for AEO status:

- Banks.
- Insurance companies.
- Consultants.
- Software houses.

and any other similar trade categories who are not generally involved in the international supply chain unless they are, or acting in the name of, an importer.

Similarly any businesses that are only involved in internal trade within the EC will not be entitled to apply. This would include a manufacturer who only supplies goods to EC customers and the carrier who only transports those goods.

1.13 Does everyone in the supply chain need to have a security and safety AEO certificate to receive the full benefits of a security and safety AEO

The concept of end to end supply chain security means security measures are implemented from the first point until the last point in the supply chain.

At the current time it is uncertain what the impact will be if only part of the supply chain has AEO security and safety status. It is likely that, once pre-arrival and pre-departure summary declarations are introduced in July 2009, a supply chain that includes parties that are not authorised as a security and safety AEO or parties that the AEO cannot guarantee secure safety standards will have a higher risk rating and therefore a higher possibility of customs intervention at the frontier than a supply chain where all parties are authorised for the security and safety status.

It may also impact on mutual recognition with our trading partners. Although the details of mutual recognition have yet to be agreed, it is possible our trading partners may require all parties in the supply chain to have AEO safety and security status before mutual recognition is approved.

1.14 As a security and safety AEO will I be held responsible for the security and safety standards of my business partners

An AEO can only be held responsible for their role in the supply chain and for the goods while they are under their control. However to guarantee your own security standards you may be dependent on other partners involved in your supply chains, for example suppliers and carriers. As an AEO you will be expected to manage risks involved with your business partners make them aware of your safety and security standards and ensure they are reflected when you enter into contractual arrangements with them.

1.15 How do I apply

You will be able to apply electronically, by email on Form C117 Application/Authorisation for AEO status available on our website at www.hmrc.gov.uk you will also be issued with a questionnaire Form C118 and explanatory notes C118A. An interactive version of C117 and C118 will also be available from mid August 2007.

Further details are contained in [section 2](#).

Alternatively you may post or fax your application to our centralised site. (See paragraph 2.9.)

If you need to apply for AEO status in a Member State other than the UK you will have to apply in that Member State using their application/authorisation form.

1.16 What are the criteria for considering applications

The criteria for granting AEO status are contained in Article 5(a) (2) of Regulation 648/2005. These include:

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

You should check you can meet the criteria before you submit your application. In particular we recommend if you are applying for a security and safety AEO certificate you carry out a self assessment on your security systems against the AEO safety and security requirements.

Further details are contained in [section 3](#). The criteria will be applied to the legal entity that is applying for AEO status and all its' locations, including where appropriate any locations where the legal entity operates in other Member States.

1.17 Obtaining further information

Further information can be found either:

- on our internet website www.hmrc.gov.uk
- by contacting our National Advice Service on 0845 010 9000
- on the EC Commission [website](#).

If you wish to enquire about the progress of your application you should contact the helpdesk at our centralised site (see paragraph 2.9).

2. Application for AEO status

2.1 Who can apply

You may apply for AEO status if you fall within one of the categories at paragraph 1.12.

2.2 Can the application cover more than one legal entity

No, the application for AEO status only covers the legal entity of the applicant. There is no provision for a group of companies to hold a single AEO authorisation.

However for ease of administration if you are a group of companies, are operating solely within the UK and have common corporate standards and customs procedures throughout the group you can apply by submitting separate application forms (C117) for each legal entity within the group but one consolidated questionnaire (C118) covering all the customs related activities of the group as an alternative to sending in a number of separate applications and questionnaires for each legal entity. If you wish to adopt this option the questionnaire should be submitted by a member of the group who will act as the representative member.

Although we may accept a consolidated questionnaire covering a group of companies you should be aware that we will still carry out the same checks and authorisation process to ensure that each legal entity has met the criteria for AEO. If approved, each legal entity will be issued with a separate AEO certificate.

2.3 Can the application cover a specific location or a division of my legal entity

No. There is no provision to grant AEO status to a specific site, division or branch of your legal entity. Your application must cover all the activities and locations of your legal entity involved in the international trade supply chain and the criteria in section 3 will be applied across all those activities and locations.

2.4 Can the application cover your activities in other Member States of the EC

If your legal entity operates in other EC Member States as well as the UK your application must cover all your business activities involved in the international supply chain across the EC if your activities involve more than one Member State. Please see paragraph 2.10 on where to send your application. If you are granted AEO status, that status will be recognised across the whole of the EC.

However if your business has set up separate legal entities in the other EC Member States, those legal entities will need to apply separately if they wish to obtain AEO status to the customs authorities in those Member States.

For example: a Parent Company is established in Germany. It has two subsidiaries, one registered in Belgium (S1) and one in Austria (S2). The parent company does not carry out any business related to customs rules but both the subsidiaries are involved in customs activities covered by customs legislation. The parent company wishes to apply for AEO status for all the customs activities carried out by its subsidiaries - S1 and S2 where both perform customs related activities and documentation in their respective Member States.

In this example both subsidiaries must submit the application to their respective Member States in their own name.

2.5 Do I have to be established in the EC

In order to apply for AEO status you must be established in the EC.

Established in the Community is defined as:

- in the case of a 'natural person', any person who is normally resident there or
- in the case of a 'legal person', any person that has in the Community its registered office, central headquarters, or a permanent business establishment".

2.6 Are there any exceptions to the rules on establishment

There are two exceptions to the general rules on establishment in paragraph 2.5 above:

- Airlines/Shipping Companies which are not established in the EC but have regional offices there and benefit from the simplifications in drawing up manifests (contained in Articles 324(e), 445 or 448 of Commission Regulation 2454/93) may apply for an AEO security and safety certificate.
- Where there is an international agreement between the EC and a third country trading partner that provides for mutual recognition of the AEO certificate and specifies arrangements for carrying out appropriate controls on behalf of the customs authorities in the EC.

2.7 How do the rules apply to agents and representatives

An AEO certificate can only be issued to the legal entity applying for AEO status in their capacity and covering their role in the international supply chain. Therefore, although AEO status can be granted to an agent or customs representatives, this will only be in their capacity as an agent and does not confer AEO status on, or provide the benefits of AEO status for, their clients, who if they wish to obtain AEO status, will need to apply separately for that status.

Carriers, Freight Forwarders or Customs Agents who hold AEO security and safety or a combined security/safety/customs simplifications certificate and are involved in the import or export of goods on behalf of holders of the same types of certificate will be entitled to lodge entry and exit summary declarations comprising reduced data sets from July 2009.

2.8 If I require AEO status when can I apply for authorisation

HMRC will be ready to receive applications from 1 July 2007. You should allow at least 90 days for your application to be considered. It may take longer to process during the initial transitional period or if your application includes activities in other Member States (see paragraph 2.13 and 2.14).

2.9 Where do I apply for authorisation in the UK

You may post your applications to:

AEO Central Site
Bowman House
100/102 Talbot Street
Nottingham
NG1 5NF

Telephone: **0845 001 0089**

Email: AEOapplications@hmrc.gsi.gov.uk

2.10 Where do I apply for authorisation if my activities cover more than one Member State

Applications should be submitted to the customs authority of the Member State:

- where your main accounts related to the customs arrangements involved are held
- where at least part of the operations to be covered by the certificate are carried out.

Alternatively if the appropriate Member State cannot be determined from the above rules you may submit your application to the Member State:

- where your main accounts related to the customs arrangements involved are accessible in your computer system by the customs authority using information technology and computer networks
- where your general logistical management activities are conducted
- where at least part of the operations to be covered by the certificate are carried out
- main accounts must include records and documentation enabling the customs authority to verify and monitor the conditions and the criteria necessary for obtaining the AEO certificate.

For example:

A company has its headquarters in Belgium where it holds its main accounts. However its only customs related operation is a customs warehouse in France and the records for the customs warehouse are kept in France. In this case the company should apply in France.

If you are in any doubt about whether your application should be submitted in the UK or another Member State you should contact our helpdesk on **0845 001 0089**.

2.11 Will I need to send supporting evidence with my application

No. Applications should be made electronically, by email or exceptionally by fax, using form C117 together with the AEO questionnaire on form C118 (see [section 6](#)). You should retain all your supporting documentation and this will be verified by us when we visit your premises.

2.12 What happens after you apply

We will send you an acknowledgement on receipt of your application and carry out checks on the completeness of your application. When we are satisfied you have completed all the relevant information we will then contact you to arrange to check the documents that will support your application if your application includes activities in other Member States we will liaise with the customs authorities in other Member States.

We will also record your application on a central AEO database, which will be accessible by the customs authorities in other Member States.

The European Commission also intend to make this database available to the public but before they do this they will seek your agreement.

2.13 How long will HMRC take to make a decision on my application

If your application is incomplete HMRC will advise you accordingly. Once all the relevant information has been received HMRC will consider your application and, if you satisfy the criteria in [section 3](#), aim to issue your certificate within 90 days of receipt. If your application includes activities in other Member States it may take longer to process as, during the two year transitional period from 1 January 2008, Member States have 120 calendar days from the date the application is referred to them to respond to the issuing Member State and recommend approval or rejection.

The AEO certificate will take effect on the tenth working day after the date of issue.

2.14 When will HMRC be able to issue AEO certificates

Although HMRC will be ready to receive applications from 1 July 2007, we are unable to issue certificates until the customs authorities in other Member States have had an opportunity to comment on the application. During the two year transitional period from 1 January 2008, this consultation period consists of 70 calendar days from the date the application is referred to them, for applications involving operations solely within the UK, and 120 calendar days where the customs authority in other Member States is required to carry out checks on the applicant's operations in their Member State. As these consultation periods will not commence until 1 January 2008, the earliest date HMRC will be able to issue a certificate will be mid March 2008, for UK applications and mid May 2008 for applications involving more than one Member State.

3. Criteria for granting AEO status

3.1 What criteria will HMRC use to make a decision on my application

If you intend to apply for AEO status you must be:

- able to demonstrate an appropriate record of compliance (see paragraph 3.3 and 3.4)
- able to demonstrate satisfactory systems of managing commercial and, where appropriate, transport records (see paragraph 3.5)
- financially solvent (see paragraph 3.6)
- compliant in respect of security and safety standards if you are applying for a security and safety AEO certificate (see paragraph 3.7).

3.2 Are there circumstances where HMRC will not accept receipt of an application?

In addition to the criteria in paragraph 3.1 we will not accept receipt of applications which are:

- Incomplete-the application will be returned to you for completion.

- Where the applicant has been convicted of a serious criminal offence linked to the economic activity of your business or is subject to bankruptcy proceedings at the time the application is made.
- Where the applicant uses a legal representative for customs purposes and that representative has been convicted of a serious criminal offence related to infringements of the customs rules and in their capacity as a legal representative.

3.3 How will HMRC decide whether or not I have an appropriate record of compliance

We will examine your record of compliance with customs and tax requirements ie Excise, VAT or direct tax requirements over the last three years preceding the date of your application. If you have been established for less than three years, your compliance with these requirements shall be judged on the basis of the records and information that are available.

We will assess whether a serious infringement or repeated infringements of customs rules have been committed by any of the following persons:

- The applicant.
- The persons in charge of the applicant's business or exercising control over its management.
- If applicable, the applicant's legal representative in customs matters.
- The person responsible in the applicant's business for customs matters.

We will take into account any customs authorisations that have been withdrawn or revoked and the reasons for that withdrawal/revocation.

You will also need to demonstrate:

- you have procedures in place to identify and disclose any irregularities or errors to HMRC or, where appropriate, other regulatory bodies
- you have taken appropriate remedial action when they are identified
- you have satisfactory procedures for handling controlled goods eg military goods or technology, dual-use goods, excise or CAP goods, dangerous goods or hazardous materials

If you have made infringements over the past three years your record of compliance with customs or tax requirements can be considered satisfactory if we consider the infringement to be of negligible importance or has no significant impact on the operation of the customs rules. In making this assessment we will take into account the frequency of any errors, whether they are material in relation to the size of your business, whether you have acted in good faith and whether any intent or negligence is involved.

3.4 Will the compliance of any customs brokers or agents I employ be taken into account

Yes, when considering your application we will look at your compliance record and any legal representatives you employ. If you use, customs brokers, agents, business partners etc we will also consider what impact they may have on your compliance record.

3.5 How will HMRC decide whether my management and record keeping systems are satisfactory

In order to establish that you have a satisfactory system of managing commercial and, where appropriate, transport records, you will need to:

- Maintain an accounting system which is consistent with generally accepted accounting principles and which provides a full audit trail of your customs activities to facilitate audit-based customs control.
- Allow us physical or electronic access to your customs and, where appropriate, transport records.
- Have a logistical system which distinguishes between Community and Non-Community goods (not applicable in the case of Security and Safety AEO Certificates).
- Have an administrative organisation which corresponds to the type and size of business and documented procedures to control and manage the flow of goods.
- Have internal controls capable of detecting illegal or irregular transactions.
- Have satisfactory procedures in place for the handling of licenses and authorisations connected to commercial policy measures or to trade in agricultural products (if applicable).

- Have satisfactory procedures in place to archive and retrieve your records and information, and also for protection against the loss of information.
- 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.
- Where appropriate have satisfactory procedures for verifying the accuracy of customs declarations submitted on your behalf by third parties.
- Have appropriate information technology security measures in place to protect your computer system from unauthorised intrusion and to secure your documentation.

3.6 How will HMRC decide whether I satisfy the requirement for financial solvency

This requirement is met if you can prove you have been solvent for the last three years. In the context of AEO, EC law defines solvency as a good financial standing which is sufficient to fulfil the commitments of the applicant with due regard to the characteristics of the type of business involved. Solvency will be assessed by analysing your ability to pay your legal debts. This includes any debts you may owe us or any other third party.

We will establish whether you are able to pay your legal debts to us by checking:

- you are not listed currently as in insolvency, administration, liquidation, bankruptcy or receivership
- you have not entered into a current time to pay agreement
- you have not had a bailiff visit or claim against your duty deferment guarantee in the last three years
- whether you are late in paying money that is legally due to us in the last three years (this excludes amounts that are not yet legally due or are under appeal).

We will rely on your full sets of annual accounts due in the last three years to establish whether you are able to pay your legal debts to third parties. In particular we will take into account:

- where required by company law, the accounts have been filed with Companies House within the time limits laid down in that law

- if you are a company any audit qualifications or comments about the continuation of the business as a going concern by for example the auditors or directors contained in the filed annual accounts
- any contingent liabilities or provisions
- the net current assets are positive
- the net assets position and the extent intangible assets are included.

We recognise in some circumstances it may be normal practice for a business to have negative net assets, for example when a company is set up by a parent company for research and development purposes when the liabilities may be funded by a loan from the parent or a financial institution. In these circumstances negative net assets may not be an indicator that a business is unable to pay their legal debts but we may require further evidence such as an undertaking from the lender or a bank facilities letter to satisfy the requirement or, if you are a sole proprietor or partnership, a list of any personal assets that are used to support the solvency of the business.

3.6.1 How will the requirement for financial solvency be satisfied if I am a new business?

If you are a newly established business, or have just started trading, your financial solvency will be judged on the basis of records and information that are available at the time of your application. This will include the latest cash flow, balance sheet and profit and loss forecasts approved by the directors/partners/sole proprietor. If your business is financed by a loan from another company or financial institution we will also require a copy of your business case and the bank facilities letter and evidence you are operating within your approved overdraft facility.

3.7 Will HMRC take into account existing authorisations in assessing whether I meet the criteria in paragraph 3.3 to 3.6

Yes when you apply for AEO status we will take into account criteria previously examined for other customs authorisations. However, some criteria previously examined may need to be reviewed to ensure that the information we used to make our decision is still valid.

3.8 How will HMRC decide whether I am compliant in respect of security and safety standards

We will consider your internal controls and measures to secure the safety of your business and your supply chain. You will need to comply with legal Health and safety requirements. In particular we will require that:

- You or a qualified third party have carried out a safety and security assessment of your business.
- The external boundaries of your business to be appropriately secured and you have documented procedures to control access to your premises for authorised persons and procedures for dealing with unauthorised access.
- Measures to protect your cargo units and to prevent the introduction, exchange or loss of any material or tampering with those units.
- Appropriate access control measures to prevent unauthorised access to shipping areas, loading docks and cargo areas both on arrival and despatch.
- Appropriate procedures to secure the safety of your goods during storage or manufacture.
- Appropriate procedures to ensure the safety and security of your goods during transport, including where transport is sub-contracted to a third party.
- You agree any appropriate safety and security measures with your suppliers.
- Procedures in place to carry out security screening on prospective employees working in security sensitive positions and appropriate security procedures are in place for any contracted parties that have access to your premises.
- You provide training to your staff on security and safety requirements.

Appropriate procedures and safety and security standards need to be well documented and evidenced so they can be verified in the course of our AEO audit.

3.9 To what extent will HMRC rely on other regulatory requirements to satisfy the criteria for the security and safety AEO certificate

If you are a regulated agent, known consignor(air) or an International Ship and Port-facility Security (ISPS) (maritime) regulated by the Department for Transport, Secure Operator the criteria for the issue of a security and safety certificate are deemed to be met for those premises which are covered by the Regulated Agent Status. A list of regulated agents approved by the Department for Transport is held on their [website](#).

3.10 To what extent will HMRC rely on existing international trade accreditation schemes to satisfy the criteria for the security AEO certificate

If you hold:

- An internationally recognised security and/or safety certificate issued on the basis of international conventions.
- A European security and/or safety certificate issued on the basis of Community legislation, for example International Ship and Port-facility Security (ISPS) (maritime), Regulated Agent or Known Consignor (air) regulated by the Department for Transport, Secure Operator.
- A relevant International Standard of the International Organisation for Standardisation, in particular as ISO 9001, 14001, 20858, 28000, 28001 or 28004.
- A European Standard of the European Standards Organisations.

The criteria laid down are taken into account to the extent that the criteria for issuing these certificates are identical or correspond to those for issuing AEO certificates. Relevant ISO standards are listed where appropriate on the AEO questionnaire, form C118.

Compliance with security requirements and standards set by intergovernmental organisations such as IMO, UNECE and ICAO may also constitute partial or complete compliance with the security criteria to the extent that the requirements are identical or comparable.

3.11 To what extent will HMRC rely on existing national trade accreditation or self regulation schemes to satisfy the criteria for the security and safety AEO certificate?

AEO is a standard that is recognised across the EC and potentially, in future, after mutual recognition is agreed, will be recognised internationally. Therefore any national standards, whether they are regulated or self regulated that are not recognised internationally, cannot be deemed to satisfy the criteria for AEO status. However HMRC will examine any relevant national standards and assess the extent to which they are identical or correspond to the AEO criteria. We will then take them into account in assessing the level of checks that we need to carry.

3.12 Are there any special rules for airline and shipping companies

If you are an airline or shipping Company established in the EC and are a Regulated Agent as referred to in Regulation (EC) No 2320/2002 and fulfil the requirements in Regulation No 622/2003 the criteria for the issue of a security and safety certificate are deemed to be met for those premises which are covered by the Regulated Agent Status.

If you are an airline or shipping Company established outside the EC and already benefit from the simplifications in drawing up manifests (contained in Articles 324(e), 445 or 448 of Commission Regulation 2454/93) the criteria in paragraphs 3.3 to 3.6 are deemed to be met.

You must also be one of the following:

- a holder of an internationally recognised security and/ or safety certificate issued on the basis of the international conventions governing the transport sectors concerned
- a regulated agent, as referred to in Regulation (EC) No 2320/2002 of the European Parliament and of Council and fulfil the requirements laid down in Commission Regulation (EC) No 622/2003
- a holder of a certificate issued in a country outside of the customs territory of the Community, where a bilateral agreement concluded between the Community and the third country provides for acceptance of the certificate, subject to the conditions laid down in the agreement.

If you are a holder of an internationally recognised security and/or safety certificate issued on the basis of the international conventions governing the transport sectors concerned the criteria laid down for the issue of a security and safety certificate are also deemed to be met to the extent that the criteria are identical or correspond to those for issuing AEO certificates.

3.13 What should I do if I hold sensitive safety and security information that should not be disclosed to an unauthorised third party?

We recognise that in some exceptional cases businesses may hold security information that they consider to be sensitive and where they have strict rules about disclosure to unauthorised parties including HMRC. This may be the case for example where the business is responsible for handling sensitive goods such as nuclear materials or military goods or technology. In these cases you will need to show that any restrictions you place on our access is consistent with your established policy and is reasonable. You will also need to inform us who within the organisation is authorised to have access to the information and what measures are in place to control that access.

3.14 What happens if I cannot satisfy all the criteria for AEO?

If you cannot satisfy all the criteria for AEO you will not be granted AEO status. We will advise you of the standards that have not been met and give you time to adapt your procedures to meet any deficiency. If you are unable to make the required changes within the specified time limits we will issue a decision refusing your AEO application. This decision will be subject to your right to appeal (see [section 5](#)).

3.15 Will I be able to re-apply if my application is rejected

If your application is rejected you will be able to re-apply once you have fulfilled the criteria required for granting AEO status. As long as you haven't been issued with an AEO certificate you will not have to wait 3 years before being eligible to re-apply.

3.16 Can I withdraw my application

You may withdraw your application if you require more time to comply with the criteria for gaining AEO status at any time during the process. You can then re-apply when you have satisfied the criteria for AEO. As long as you haven't been issued with an AEO certificate you will not have to wait 3 years before being eligible to re-apply.

4. Maintaining your AEO status

4.1 Notification of changes to business details that affect my authorisation

You must notify us of changes that may affect your AEO status, such as:

- changes to your legal entity
- your business address
- the nature and structure of your business
- changes to the senior personnel responsible for customs matters listed in your application/AEO questionnaire
- changes to your accounting or computing systems
- additions or disposals of locations or branches involved in the international supply chain
- additions or deletions to the categories you have been approved for ie manufacturer/exporter etc

You should notify the authorising office at paragraph 2.9 as soon as a change is known or within at least 14 days of the change taking place.

If your legal entity changes you may need to re-apply for AEO status in the name of the new legal entity. The central processing site (see paragraph 2.9) will advise you if a new application and new questionnaire is required.

4.2 Notification of customs errors to HMRC

If you make customs errors they must be reported to your local supervising office. Errors that are voluntarily disclosed will not impact on your AEO certificate if you have examined the reasons for the errors and taken appropriate remedial action to prevent a recurrence.

4.3 Responsibility of AEO to ensure standard is maintained

It is the responsibility of the AEO to ensure that you maintain the appropriate standards granted in your authorisation. If there are any changes you should follow the advice in paragraph 4.1.

4.4 Will HMRC review my authorisation

We will review your AEO status periodically to ensure you continue to meet the conditions and standards of the AEO status. We will also review your authorisation if there are major changes to the relevant Community customs legislation.

4.5 Can HMRC suspend my authorisation

Yes HMRC or the issuing customs authority may suspend your AEO certificate in the following cases:

- where non compliance with the conditions or criteria for the certificate has been detected
- where we have sufficient reason to believe that an act, liable to give rise to criminal court proceedings and linked to an infringement of the customs rules has been perpetrated
- not taken remedial steps within 30 days
- the decision to suspend the AEO certificate will apply across the EC. You will be contacted prior to any decision to suspend your authorisation giving the reasons.

If your certificate is suspended you will be given time to comply with the conditions that resulted in non compliance. Any decision will be subject to your right of appeal (see [section 5](#)).

4.6 Can HMRC revoke my authorisation

In the following cases the certificate will be revoked:

- Where the AEO certificate has been suspended by us you fail to take the necessary measures to have the suspension withdrawn.
- Where you have committed serious infringements relating to customs rules and you do not have any further right of appeal.
- Where you have requested that your certificate is suspended but fail to take the necessary measures to have the suspension withdrawn.
- Where you have requested that the certificate is revoked.

The decision to revoke the AEO certificate will apply across the EC.

You will be contacted prior to any decision to revoke your authorisation giving the reasons. Any decision will be subject to your right of appeal (see [section 5](#)).

You may not re apply for a period of 3 years from the date of revocation.

4.7 Can HMRC partially suspend or partially revoke my authorisation

Yes if you hold an AEO certificate covering both security and safety and customs simplifications and the failures listed in paragraph 4.4 or 4.5 only affect one aspect of your certificate we can partially suspend or revoke that part of the certificate. For example we can suspend or revoke the security and safety certificate if you fail to maintain security and safety standards but retain your customs simplifications AEO certificate if that part of the certificate remains unaffected.

5. Appeals

There is an independent appeals mechanism for most Excise and Customs decisions. This involves a two-stage process:

- the first stage if you have not been approved for AEO status is an independent Departmental review by the Customs and international Reviews & Appeals Team
- the second stage, if required, provides for an appeal to the independent VAT and Duties Tribunal.

The following time limits apply:

- you have 45 days from the date of the written notification of the decision by us to ask for a formal Departmental review
- we then have 45 days from receipt of your letter in which to carry out the review and notify the outcome
- if following the formal review you still wish to pursue the matter, you have 30 days to lodge your appeal with the tribunal.

You can find full details in Notice 990 Excise and Customs Appeals, which is available through our National Advice Service or on our website.

6. AEO Application Form C117 and Notes on Completion

[Form C117](#) and [notes on completion](#).

7. Questionnaire Form C118

[Form C118](#).

8. Explanatory Notes for the Questionnaire - Form C118A

[Form C118A.](#)

9. List of territories of the EC inside/outside the EC for customs duty and VAT purposes

The customs territory of the EC includes the territorial waters, inland maritime waters and airspace of Member States.

9.1 Territories inside the EC for customs duty and VAT purposes

Austria

Azores

Balearic Islands

Italy

Latvia

Lithuania

Cyprus (those areas under the control of The Government of the Republic of Cyprus and including UK Sovereign Base Areas of Akrotiri and Dhekelia)

Czech Republic

Denmark

Estonia

Finland

France

Germany

Greece

Hungary

Republic of Ireland

Isle of Man

Madeira

Malta

Monaco

Netherlands

Poland

Portugal

Slovakia

Slovenia

Spain

Sweden

United Kingdom

9.2 Territories inside the EC for Customs duty purposes but not for VAT

Aland Islands
Andorra (only Tariff Chapter 25 onwards)
Canary Islands
Channel Islands
French Guyana
Guadeloupe
Martinique
Mount Athos (Agion Poros)
Reunion

9.3 Territories outside the EC for customs duty and VAT purposes

Andorra (Tariff Chapters 1-24)
Busingen
Cueta
Commune of Campine d'Italia
Commune of Livigno
Cyprus (those areas not under the control of The Government of the Republic of Cyprus)
Faroe Islands
French overseas territories (other than those listed in paragraph 8.2)
Greenland
Heligoland
Lake Lugano
Melilla
San Marino

And all other territories not listed in this section.

10. Glossary

	Description
AEO	Authorised Economic Operator. A party involved in the international movement of goods approved by a customs administration as complying with EU supply chain security/customs simplification standards.
Business Partner	All operators in the supply chain that fall between the exporter/manufacturer and the consignor.

Branch	A branch is not an individual legal entity; it is an office / premises/another location of the Company itself and forms part of the company's total assets and legal entity.
C117	AEO Application Form
C118	AEO Questionnaire
C118A	AEO Questionnaire-explanatory notes
C119	AEO Certificate
Cargo unit	Includes containers, tankers, vans, lorries, vehicles, pipelines etc in which your goods are transported.
Community goods	<p>Goods which are:</p> <ul style="list-style-type: none"> (a) entirely obtained or produced in the customs territory of the Community, without the addition of goods from third countries or territories that are not part of the customs territory of the Community (b) imported from countries or territories not forming part of the customs territory of the Community which have been released for free circulation in a Member State (c) obtained or produced in the customs territory of the Community either wholly from those referred to at (b) or partly from (a) and (b).
C-TPAT	Customs-Trade Partnership Against Terrorism
EC	European Community
HMRC	HM Revenue and Customs
ISO	International Standards Organisation
Legal entity	This may be PLC, a LTD company, partnership or sole proprietor.
Legal representative	The person or persons responsible for representing the applicant in matters involving customs law. They will be solicitors, lawyers, barristers etc who may either be employed directly by you or appointed by you to

	represent you in customs legal matters.
Non community goods	Goods that are not of Community origin or imported goods, which have not been released into free circulation.
Parent company	<p>An economic operator which is able to exercise control over another economic operator (subsidiary) directly or indirectly through its subsidiary because one of the following conditions is fulfilled:</p> <ul style="list-style-type: none">• It owns exclusively the majority (more than 50%) of the votes of the owners (shareholders).• On the basis of agreements concluded with other owners, owns exclusively the majority of the votes.• As the owner of the Company it is entitled to elect and repeal the majority of the leading officers or members of the supervising board.• On the basis of the contract concluded with the owners or the founding documents it carries out decisive control over it.
Regulated agent	An agent, freight forwarder or other entity who conducts business with an operator and provides security controls accepted or required by the appropriate authority in respect of cargo, courier and express parcels or mail.
Subsidiary	An economic operator over which the parent company is able to exercise control. The subsidiary is an individual legal entity registered in the company register.
Supervising office	The customs office responsible for supervising the authorisation

Do you have any comments?

We would be pleased to receive any comments or suggestions you may have about this notice. Please write to:

**HM Revenue and Customs
Customs & International Trade
6th Floor South
Portcullis House
27 Victoria Avenue
Southend on Sea
Essex
SS1 2SZ**

Please note this address is **not for general enquiries**. You should ring our National Advice Service about those.

If you have a complaint or suggestion

If you have a complaint please try to resolve it on the spot with our officer. If you are unable to do so, or have a suggestion about how we can improve our service, you should contact one of our Regional Complaints Units. You will find the telephone number under 'Revenue & Customs' or under 'Customs and Excise' in your local telephone book. Ask for a copy of our code of practice 'Complaints and putting things right' ([Notice 1000](#)). You will find further information on our website at <http://www.hmrc.gov.uk>.

If we are unable to resolve your complaint to your satisfaction you can ask the Adjudicator to look into it. The Adjudicator, whose services are free, is a fair and unbiased referee whose recommendations are independent of Revenue & Customs.

You can contact the Adjudicator at:

The Adjudicator's Office
Haymarket House
28 Haymarket
LONDON
SW1Y 4SP

Phone: (020) 7930 2292

Fax: (020) 7930 2298

Email: adjudicators@gtnet.gov.uk

Internet: <http://www.adjudicatorsoffice.gov.uk/>