

## Indirect Taxes

Global network, local expertise, individual service

# Authorised Economic Operator\*

Customs and Excise Duty Services  
Part of the Global Indirect Taxes Network

## Why AEO?

Following US initiatives after 9/11 and in response to the increased focus on security within the European Community, the European Commission is operating the control of EU external borders with a new emphasis. In this respect, the European Commission introduced a new security-management model based on a harmonised risk-assessment system that will allow faster and better-targeted checks.

To this end, the European Commission has initiated the Authorised Economic Operator (AEO) program. The AEO program is designed to increase focus on security measures at company level, thus helping not only to prevent a possible terrorist attack, but also to increase transparency in the supply chain and to initiate control programs using risk management tools.

## What's in it for you?

If you are AEO-certified you reap benefits, including:

- A reduced number of cargo inspections at Community borders.
- A more efficient customs-clearance process.
- Improved supply-chain visibility (access to data).
- Improved inventory management.
- Reliance on self-policing rather than on customs verification.

## How can PricewaterhouseCoopers help you?

PricewaterhouseCoopers has developed a systematic approach to assist companies with their compliance and admittance to the AEO program, quickly and efficiently. We can run a short readiness check as well as offer you an implementation proposal, providing you assistance in becoming certified.

We can assist you in complying with the AEO requirements to formally commit to the "program", document the current supply-chain procedures, perform a gap analysis and identify steps for enhancement. For companies who have signed up for AEO, we can provide assistance during the preparation phase and conduct periodical reviews.

The Global Tax Monitor recognises PricewaterhouseCoopers as the leading firm globally for indirect taxes/VAT, by reputation, with a strong lead over the competition. These results are based on the year-ending Q1 2009 figures, with a sample size of 3,202 primary buyers of tax services globally.

## The EC perspective — internal controls — a practical approach

An important condition to become an AEO-certified operator is that the operator should have a satisfactory system of managing commercial and, where appropriate, transport records that allows appropriate customs controls.

Following the EC guidelines, the operator has to assess and manage potential risks, determine control objectives, implement internal control procedures, and monitor the effectiveness of these procedures to ensure that the objectives are reached. This implies reliable information and communication within the organisation and with third parties (suppliers, authorities and clients). Many managers reading this will sigh deeply and think “oh no, not again”. Indeed, many operators have already been subject to such control programs for other already existing voluntary or obligatory audits (e.g., ISO 9001, ISO 14001, ISO 28001, SOX, TÜV or J-SOX).

PricewaterhouseCoopers therefore strives to keep this exercise as simple as possible. We will rely wherever possible on existing certifications and control standards, and only add internal controls that are missing and essential to obtaining AEO certification. This approach will keep effort, resources and changes to an absolute minimum, without neglecting the legal framework and the requirements of the authorities.

Launched in 2000, the Global Tax Monitor (GTM) is a multi-client independent survey conducted by research agency TNS, that examines the competitive position of the top firms in the tax advisory market - globally, regionally, nationally and on an industry basis. It provides a comprehensive measure of firm reputation, client service and brand health, gained currently from just over 3,000 telephone interviews annually with key decision makers (CFOs and Tax Directors) in 31 key markets.

## Always Ready for Action

PricewaterhouseCoopers can help you formulate, implement and manage your global indirect taxes strategy. We have a network of more than 1,900 indirect taxes experts in 130 countries, ready to work with you and your local teams.

For further information, please contact your PricewaterhouseCoopers local indirect taxes expert.

This article has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this article without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this article, and, to the extent permitted by law, PricewaterhouseCoopers, its members, employees and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this article or for any decision based on it.

© 2009 PricewaterhouseCoopers. All rights reserved. “PricewaterhouseCoopers” refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity. \*connectedthinking is a trademark of PricewaterhouseCoopers.