



Authorised Economic Operator

The European Commission adopted a legislation, also applicable in Romania, relating to the Authorised Economic Operator (AEO) concept.

From 1 January 2008, the new legislation will allow companies to apply to the National Customs Authority for AEO status.

What is AEO?

AEO is a partnership between the customs authorities and companies receiving this status. Within the framework of this “partnership”, companies commit themselves to maintaining a high level of security and safety throughout their supply chain. As a result, they gain recognition from the Customs authorities that they are secure traders and obtain the associated privileges.

AEO is a special status granted to companies which allows them to benefit from simplified customs procedures, privileges with regard to customs checks (as well as those related to security and safety) applicable on entry and exit of goods from community customs territory, and facilities for the procurement of other authorisations (e.g. authorisation for local clearance procedures at the company’s premises, avoiding the need to present the goods to the customs office).

Companies granted AEO status are no longer subject to the physical check of their goods in customs. In addition, they present fewer documents at entry and exit of their goods from the community customs territory, as security and safety conditions are checked when AEO certificates are granted.

The AEO system anticipates the “e-customs” concept, planned for application in 2010. This concept requires customs declarations of goods solely through information technology systems (the Internet), without the physical presence of the goods in customs (“green line” through the entire supply chain). Moreover, “green line” action requires all companies engaged in the supply chain (such as the producer, importer, distributor, etc.) to be AEOs.

Who qualifies for AEO?

The project is of major interest to companies importing or exporting goods into or out of, respectively, the European Union. A company must be established in the EU and have a good compliance record to qualify for AEO status.

AEO status is advantageous for companies performing:

- Imports, including of high risk goods (such as defence goods, excise goods, pharmaceuticals, etc.), especially if the companies seek to adopt the highest security standards;
- Exports of goods to countries with similar safety and security systems (such as the US);
- Imports that require immediate clearance of goods (e.g. importers of perishable goods).

What are the benefits of being an AEO?

AEO status allows companies to:

- Reduce logistical costs and clearance times;
- Reduce the documents required to clear goods at the frontier;
- Enhance their credibility in business partnerships – companies may prefer to trade with AEO partners;
- Benefit from privileged status regarding the procurement of other customs authorisations (e.g. authorisation for applying the clearance procedure at the company's premises).

AEO authorisation process

The National Customs Authority grants AEO status to applicant companies (such as economic operators or customs brokers), provided they:

- Have a "clear" history of compliance with customs legislation for at least 3 years;
- Implement a proper system of administration of all records of commercial activity and transport

documents, if appropriate, to allow operations being audited by the customs authority;

- Demonstrate financial solvency;
- Fully satisfy security and safety standards.

The customs authorities perform audits at the location where the main financial and accounting documents of the applicant are kept, in order to check that the conditions for granting the AEO status are fulfilled. Also, applicants must ensure that the customs authorities have physical or electronic access to the accounting documents and, where applicable, to the transport documents.

How could PwC assist you?

PwC could assist you to perform a pre-application audit, prior to submitting the AEO record for authorisation. This action assists you to identify the associated risks for your company and your trade goods, to establish whether you fulfil the conditions for receiving AEO status and, if not, what remedial measures could be taken.

PwC could also assist you to perform all the required steps in the AEO authorisation process and in the implementation of required internal procedures, such as those for the receipt, control and evidence of goods.

AEO status requires also a review of the services provided by the suppliers of the applicant (including transporters and customs brokers), therefore the company could be involved in various related negotiations and amendments of existing agreements. PwC has the knowledge to assist you in implementing these amendments.

For more information please do not hesitate to contact us.

Our specialists in the Indirect Tax Department are available to assist you.

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