

AEO status and authorization for simplifications



Authorized economic operator (AEO) –

the company's internationally recognized status, which recognizes the customs-to-business partnerships aimed at securing the international supply chain and facilitating low-risk international trade.

Obtaining AEO authorizations and authorizations for simplifications primarily means obtaining benefits in the implementation of customs procedures and controls, that is a significant commercial and competitive advantage.



Why is this important?

From **November 7, 2023**, changes in customs procedures are expected, namely customs clearance without presenting the goods to the customs authority will be impossible. With this in mind, there are a number of challenges that businesses can expect, namely:

- it is impossible to issue goods under a customs declaration (hereinafter referred to as "CD") type "EA" without presentation to the customs authority;
- it is impossible to export goods without presentation them to the customs authority on the basis of a CD filled in in the usual manner;
- the requirement to secure the payment of customs duties for all goods;
- increasing processing time of CD due to the high workload of customs authorities and terminals in connection with the increased flow of goods;
- increasing processing expenses for transport services due to an increase in the time of use of the truck during international transportation;
- increasing other expenses of the company (the cost of customs terminal services or payment for the involvement of customs officials in the case of having its own arrival zone, costs related to securing the payment of customs duties, etc.);
- the risk of losing of goods during the time they are at the customs terminal due to hostilities on the territory of Ukraine.



Pros and cons of AEO authorization and authorizations for applying simplifications

Provided that AEO authorization and authorizations for applying simplifications, the company will simplify the processes of delivery and customs clearance of goods for itself, bypassing the above-mentioned problems.

At the same time, in addition to reputational benefits, among other things, the companies with AEO authorizations and simplifications receive:

- quicker and easier to obtain simplifications after obtaining AEO authorization;
- effective use of customs resources for control procedures in relation to your goods;
- simplified interaction with customs authorities and online communication;
- reduction of time and resource costs for transit operations in each country;
- improvement of service quality and competitiveness;
- effective use of the company's money due to the possibility of deferring the payment of customs duties.

At the same time, the companies should be ready to:

- implement controls on gaps, incidental and structural mistakes within the framework of complying with the legal and regulatory requirements and provide a timely report of such issues to the customs authorities;
- additional administrative workload related to monitoring processes, amending existing company procedures and developing new ones;
- monitoring the fulfillment of the criteria by which the company obtained status AEO/authorization for simplifications;
- maintain evidence of the application of processes used to meet business objectives.



Requirements for obtaining AEO authorization and simplifications

The Customs Code of Ukraine provides for two types of authorization:

**AEO
C**

**Customs Simplifications
authorisation**

**AEO
S**

**Security and Safety
authorisation**

To obtain AEO authorization, the company is obliged to comply the requirements of criteria 1-5:

1

Compliance with the requirements of the customs and tax legislation of Ukraine, and the absence of facts of criminal liability

2

A proper system of accounting, commercial and transport documentation

3

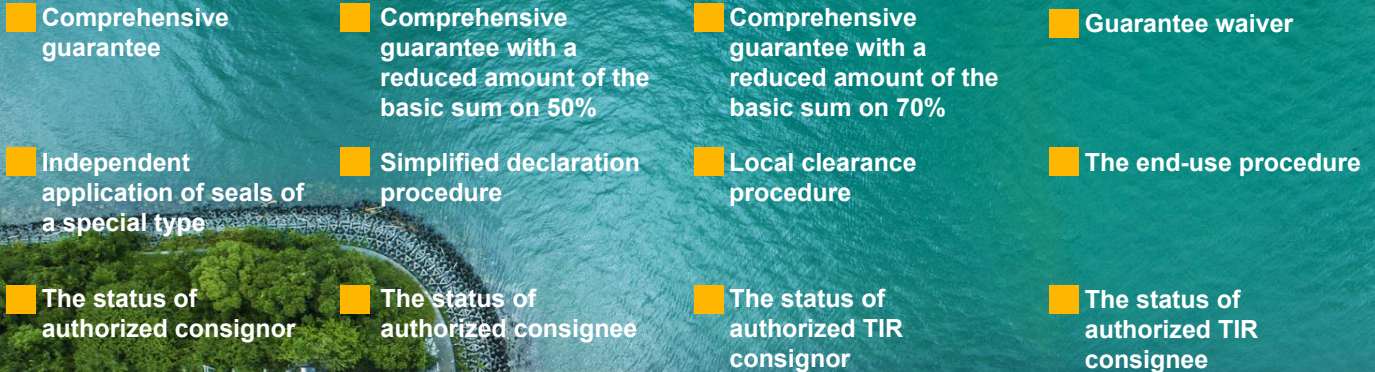
Financial solvency

4

Ensuring practical standards of competence or professional qualification of the responsible employee of the company (only for AEO-C)

5

Compliance with security and safety standards (only for AEO-S)



How to start preparing for obtaining AEO authorizations and simplifications?

1. An analysis of the benefits and advantages of AEO/amnesty status for your business.
2. Determination of the optimal set of simplifications that are necessary to improve existing processes.
3. Pre-assessment of current level of readiness in accordance with the requirements of the legislation.
4. A detailed analysis the company's compliance with the authorization criteria.
5. To identify critical areas that require changes and improvements.
6. To implement processes for authorization purposes and develop required documents.
7. To complete the self-assessment questionnaire in accordance with the requirements of the legislation.
8. To submit an application and a self-assessment questionnaire to the State Customs Service and pass a compliance assessment.



Which simplifications are available to the company?

In case the compliance assessment is successful and the AEO status is granted, the next necessary step is to obtain authorization for the applying of simplifications (transit/under the CCU), which will provide for a shorter assessment procedure. Alternatively, if the company is not able obtain an AEO authorization due to non-compliance with certain criteria, it is possible to apply for simplification, taking into account the criteria that the company will meet.



Our contacts

Vita Miroshnychenko
Head of Customs and
International Trade practice
vita.miroshnychenko@pwc.com
+38 050 440 74 60

LLC «PricewaterhouseCoopers»,
75 Zhylyanska Street, 01032,
Kyiv, Ukraine
pwc.com/ua

