



HM Revenue
& Customs

Customs Information Paper 42 (2015)

Authorised Economic Operators (AEO) and the impact of the Union Customs Code (UCC)

Who should read:	All businesses who have, or are intending to apply for, AEO status.
What is it about:	The changes to AEO under new customs legislation and what this means to businesses.
When effective:	Immediately.
Extant until/ Expires	Until further notice.

1. Introduction.

This Customs Information Paper (CIP) is to inform interested parties of the impact on AEO due to the introduction of the UCC on 1 May 2016.

2. Background.

The UCC will take effect from 1 May 2016, supported by the Delegated and Implementing Acts. There will be a transitional period for some changes until 1 May 2019.

There will be changes that affect current holders of AEO and new requirements for businesses who are considering applying for AEO.

New guidance products are in development and will be available by end of December 2016.

3. New AEO criterion

The UCC introduces a new criterion of practical competence or a professional qualification (UCC Article 39(d)) directly related to the Customs activities.

In the UK we understand it is unlikely that businesses will have a professional qualification so focus will be on the demonstration and evidence of practical competence over the previous 3 years.

This new criterion only applies to AEO Customs Simplifications (AEO c).

The European Commission has produced an EU Customs Competency Framework ([EU Customs CFW](#)) which is now available for use by national customs services and businesses having to deal with Customs.

www.ec.europa.eu/taxation_customs/common/eu_training/competency/index_en.htm

Who needs to be competent?

Dependent on the size and type of business this could be:

a. the applicant or;

b. the person in charge of the customs matters, for example if the Customs work is outsourced to one or more business partner(s) then they must be competent to carry out that role or hold an AEO c authorisation. The AEO business will need to determine the roles being outsourced and evidence how this is controlled and assured

Further detailed information on this new criterion will be available in December, once EU discussions have been finalised.

4. AEO compliance – new requirement.

For all types of AEO authorisation the business will need to demonstrate that they are compliant with all taxes related to their business activities over the past 3 years (UCC Article 39 (a)).

In practice for UK businesses this assessment, in respect of tax compliance, along with the other validation checks will be carried out when your application is received using data available to HMRC.

5. When do the UCC changes for AEO take effect?

New Applicants.

The changes will affect any new application from 2 January 2016. Although HMRC has 120 calendar days to issue a decision and either the applicant or HMRC can also arrange extensions to the time period in justifiable circumstances to address any issues identified.

A decision issued on or after the 1 May 2016 will be under the UCC rules, though the processing and any queries will fall under the current Customs Code legislation until that date.

Current AEO authorisation holders.

There will be a transition period until 1 May 2019 for current AEOs by which time the AEO must have met all the new UCC requirements.

However, HMRC will need to manage the reassessment work over this period and each AEO will be contacted with more information on how this work will be undertaken in 2016.

We suggest that businesses consider the impact of the new requirements on their authorisations and commence any activities necessary to enable a successful outcome of the reassessment.

6. What other impacts are there for AEOs under the UCC?

AEO s – this type of authorisation will not give you access to the new fiscal benefits being introduced under the UCC. You may wish to consider, if appropriate, applying for AEO c as well.

Guarantees – if you hold an AEO c authorisation you are entitled to request a reduction in your duty deferment guarantee for customs duties (actual debt). The reduction available is 70%. There is no reduction available to businesses without an AEO c authorisation.

You are also entitled to request a waiver of the potential debt guarantees (covering Customs Duty and if applicable Import VAT if you hold Customs authorisations/approvals for example customs warehouse, inward processing, temporary storage), when/if that is appropriate to your business activities. These benefits are effective from 1 May 2016.

Reductions and waivers for potential debts are also available to businesses who do not hold an AEO authorisation but who would then need to meet some or all of the AEO c criteria.

Certificates – under the UCC AEO becomes a Customs decision and there is no legislative requirement to issue a certificate. However, the EU Commission understands that the certificate is important to business to demonstrate their membership of the AEO programme and Member States will still issue a certificate.

Electronic communication – under the UCC all communication must be by an electronic method. HMRC will therefore not be able to accept paper applications from 1 May 2016 and all communications are intended to be via email unless there are exceptional circumstances. New digital services will be available over the next few years.

7. Where can I find further information?

All current information on the UCC can be found at:

<https://www.gov.uk/guidance/introduction-of-the-union-customs-code-ucc>

AEO web link: www.gov.uk/authorised-economic-operator-certification

8. Contacts.

If you have any further questions regarding this CIP please contact:

AEO Helpdesk:

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AEO Policy:

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Issued on the **28 October 2015** by Customs Directorate, HMRC.

For general HMRC queries speak to the VAT, Excise & Customs Helpline on telephone: 0300 200 3700.

Your Charter explains what you can expect from us and what we expect from you.

For more information go to: [Your Charter](#)