

of Understanding (MoU) which is done by the Customs Administration on behalf of EAC.

4. EAC Secretariat issues a certificate to the applicant.

Benefits of being AEO

All AEO enjoy recognition as low risk company and expedited Clearance procedures with Customs

In addition, various benefits accrue for each category of AEO. The benefits offered by Customs to AEOs include:

- 1) Automatic passing of declaration
- 2) No physical examination of goods, except for random or risk based interventions.
- 3) ECTS requirement waiver where applicable
- 4) Expedited payment of refund claim
- 5) Reduced Customs control where applicable
- 6) Priority to participate in Customs initiatives
- 7) Guaranteed renewal of Customs license
- 8) Priority treatment in cargo clearance chain
- 9) Waiver of movement bond requirements for AEO
- 10) Self-management of bonded warehouse

Conclusion:

Schemes like AEO, which provide Customs administrations with some degree of certainty on actors in the supply chain, are seen as being part of the solution that enables Customs to offer trade facilitation benefits to reliable and compliant traders. By implementing a regional AEO programme that is supported by sound data management, EAC Partner States' Customs services will be able to provide what businesses operating in their respective States are looking for: **a transparent and predictable**

trading environment.

Kenneth Bagamuhunda, the Director General of Customs and Trade at the EAC Secretariat, once expressed his optimism towards the scheme: ***“The roll-out of the Regional AEO programme is one of the region’s priority Customs modernization initiatives, and has been fully mainstreamed into the EAC Strategic Plan. Based on the results obtained so far, the programme will be meaningful, and provide real improvements and facilitation gains to companies across the region.”***

For more information on the program please contact:

AEO Project Manager
Tanzania Revenue Authority
DAR ES SALAAM
Telephone:+255 - 22-2863446

or
Contact your nearest TRA Office

or
Call Center
Toll free:
0800 780078
0800 750075
Email: huduma@tra.go.tz
services@tra.go.tz



TANZANIA REVENUE AUTHORITY

AUTHORIZED ECONOMIC OPERATORS (AEO) PROGRAM IN TANZANIA

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Background

The East African Community (EAC) regional Authorized Economic Operator (AEO) program was conceived by the Commissioners of Customs of the East African (EAC) countries of Burundi, Kenya, Rwanda, Tanzania and Uganda in 2008 after the adoption of the World Customs Organization (WCO) SAFE Framework of Standards by the WCO Council in 2005. The Commissioners' decision was in line with the EAC Protocol that requires the EAC region to set up a Customs Union as one of the building blocks for regional integration. The decision was also prompted by the consideration that since the AEO program is about trade facilitation and the security of the supply chain, traders and Customs stood to gain more if the whole supply chain within the region is covered under one program.

The AEO program is a WCO program that is being implemented worldwide. It aims to enhance Customs efficiency in the face of increasing volumes of trade and the increasing vulnerability of the international trade supply chain to security threats as well as the use of the international trade supply chain as a conduit for high security risk materials. AEO program tackles these challenges by shifting the perspective, so that instead of focusing on the goods themselves, Customs focus on the traders. The compliant traders are therefore given AEO status which means they are low risk companies and can therefore be trusted by Customs. This implies that Customs can handle the consignments of such companies with less control compared to others. That way the AEO program is an instrument for growing compliance.

The simplified procedures for AEOs have had tremendous effect with regard to reducing the cost associated with movement and clearance of goods. The EAC is currently pursuing mutual recognition with other trading blocs, a move which will lead to EAC AEOs enjoying more benefits when trading outside EAC region.

Joining the Regional AEO program therefore opens the doors for unlimited opportunities and the key to unlock the potential of your business. It is the Customs way of supporting business and for business to support development in the EAC region

Who is an AEO?

AEO is defined as an individual, a business entity or a company that is involved in international trade and is duly authorized by the Commissioner for Customs to transact business with Customs under special arrangements.

Types of AEO in Tanzania:

- 1) National AEO:** those business entities whose business operations do not go beyond the national borders.
- 2) Regional AEO:** These are business entities in Tanzania whose business operations cross borders of the EAC Partner States and are recognized as AEO in all of the EAC Partner states

Who can apply for AEO Status?

Any trader involved in the international supply chain and carryout Customs related activity in the **EAC** can apply for the AEO status. An applicant will be assessed in line with the respective nature of business, and AEO status will be related to the specific trader's categories

that the trader has qualified for. The AEO categories are:

- 1) Importers
- 2) Exporters
- 3) Clearing and Forwarding Agents
- 4) Transporters
- 5) Manufacturers (engaged in import and export), and
- 6) Bonded Warehouse Operators

Criteria to become an AEO

- 1) Company details must be availed to customs.
- 2) Record of compliance without repeated mistakes
- 3) Maintenance of records as required by laws.
- 4) Financial solvency which guarantee fiscal debts recovery.
- 5) Security and safe standards including trade Partners
- 6) Volumes of business substantial for AEO consideration.
- 7) Nature of goods trades.
- 8) AEO employees must have required academic and professional qualifications.
- 9) Must guarantee cooperation with customs Authority whenever required

Authorization Process

The authorization process is summarized into four stages as below;

1. The applicants lodge application with the national Customs administration.
2. Once satisfied that the applicant meets the required criteria, the national Customs administration checks compliance records of the applicant with Customs administrations in other Partner States and approves the application.
3. The applicant is invited to sign a Memorandum