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F. No. VIII/48-46/Cus-T/2015-16

Date: 27<sup>th</sup> December 2016.

## AEO Scheme : FAQ

### 1. What is AEO scheme ?

A: AEO (Authorised Economic Operator) scheme is aimed to give extra facilities to genuine parties dealing in import or export.

In simple terms, this scheme is similar to Green Channel facility given at Air ports for genuine passengers. This scheme has many more advantages, discussed in following paras.

### 2. Which are its main benefits ?

A: Main benefits of AEO scheme are as per following table.

Sr. No.	Benefit	Details about benefits under AEO scheme
1	Speed	Faster clearance due to less examination of import or export goods.
2	DPD (Direct Port Delivery) or DPE (Direct Port Entry)	DPD (Direct Port Delivery) facility for Imported goods from wharf to warehouse and DPE (Direct Port Entry) facility for Export goods from factory to wharf shall greatly reduce the dwell time and cost saving.
3	Money	AEO operator can pay taxes comfortably as compared to regular importer. Regular importer has to pay it within 2 days, whereas AEO is legally allowed to defer duty payment for as many as 15 days only. So, huge cushion. So, if custom duty is of the order of say Rs. 2 Crore, interest benefit for 15 days' delayed payment would be of the order of Rs. 1 lakh. This is significant amount and it will reduce transaction cost.
4	Faster Drawback, Refunds	Drawback and Refunds shall be paid faster- about 50% or 33% time faster, as compared to regular importers/exporters. So, huge financial benefit due to speedy receipt of money from govt. shall arise which can save working capital of AEO.
5	Less Audit and hence less queries	PCA (Post Clearance Audi) Audit frequency shall be much lesser than regular cases. In some category, as less as once in 3 years.
6	Bank Guarantees	Less amount of Bank Guarantees : AEO can give Bank Guarantee of 50 % or 25 % or NO bank guarantee, if they are in Tier 3. So, huge savings, less documentations !
7	Self certified or NO documents to be enclosed.	AEO need not enclose documents in some cases and in other category, self certified documents shall be accepted by department and thus, ease of doing business shall be ensured.
8	Misc. other benefits	1. Facility for faster scanning shall be given. 2. Extra space may be notified for AEO in port for faster storage and clearance. 3. MRP affixation shall be allowed.

**3. Who is eligible to get AEO benefits ?**

- A . 1. Importers.  
2. Exporters.  
3. Custodians, Warehouse providers, Logistics Providers, CHAs, etc.

**4. What is the procedures to get AEO status ?**

- A. Party has to simply approach DGPM(Director General of Performance Management), New Delhi and submit copies of application forms, given with CBEC Circular No. 33/2016- Cus dated 22 July 2016.

**5. Which are conditions for AEO scheme ?**

- A. No difficult condition is to be fulfilled. Main condition is that no case of fraud, etc of evasion of duty, etc should be booked against the party. Genuine parties are always welcome.

And this Government scheme indicates that AEO parties must have robust internal checks and balances for security of goods, data, records security, professional grade management control and supervision mechanisms, etc so that fraud does not take place.

**6. What is the role of Customs House and Commissionerates ?**

- A. The role of Customs House where you operate is that of facilitator. Similarly, Head Quarters shall function as facilitator and coordinator with field issues or queries and can coordinate with DGPM, New Delhi.

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**Disclaimer Note**

Above mentioned FAQs have been specially designed with a view to explain the AEO scheme in simple language to common man intending to take its benefit and hence, it should not be claimed as legal document to claim any benefit and that provisions in Circular No. 33/2016-Cus dated 22 July 2016 and subsequent instructions shall be referred to for exact procedure to be followed or conditions to be fulfilled.

For any clarification on the AEO issues, you may contact to Head at your Customs House or Division. Or you may contact at Technical Section of Head Quarters at above address.