



Accredited Economic Operator

23 February 2022

Introduction

Authorised Economic Operator (AEO)

- AEO is an internationally recognised programme introduced by the World Custom Organisation (WCO) in the SAFE Framework of Standards to secure and facilitate Global Trade.
- Introduced in 2005 act as a deterrent to international terrorism, secure revenue collections and promote trade facilitation.
- In 2007, the WCO's flagship Customs-Business partnership programme - the AEO Programme - was introduced.
- SARS AEO Programme meets the minimum standards of SAFE.
- In a SAFE context, a Compliance programme can be a first step to a SAFE AEO programme. Canada - Customs Self-Assessment (CSA), Georgia - "Golden List".
- AEO Programme introduced as AEO-C (Compliance) and AEO-S (Safety and Security)
- Customs-Business Partnership Guidance:- Process for regular consultation & robust partnership with business with specific focus on SME.

INTRODUCTION

What is AEO

- It is a party involved in the international movement of goods in whatever function that has been approved by or on behalf of a National Customs Administration as complying with WCO or equivalent supply chain security standards.

AEO Programmes

- The AEO-Compliance (PT Programme) was implemented in 2017 when 28 traders(importers and exporters) received accreditation status. Legislation has been amended in July 2021 to include other role-players.
- There are currently 144 accredited traders by 31 January 2022
- The AEO Safety and Security Programme (AEO-S) has been recently implemented on the 23 July 2021 and has one (1) accredited trader.

International Drivers for AEO

WTO Trade Facilitation Agreement



Modern Approach to Border Management



World Customs Organization SAFE Framework of Standards

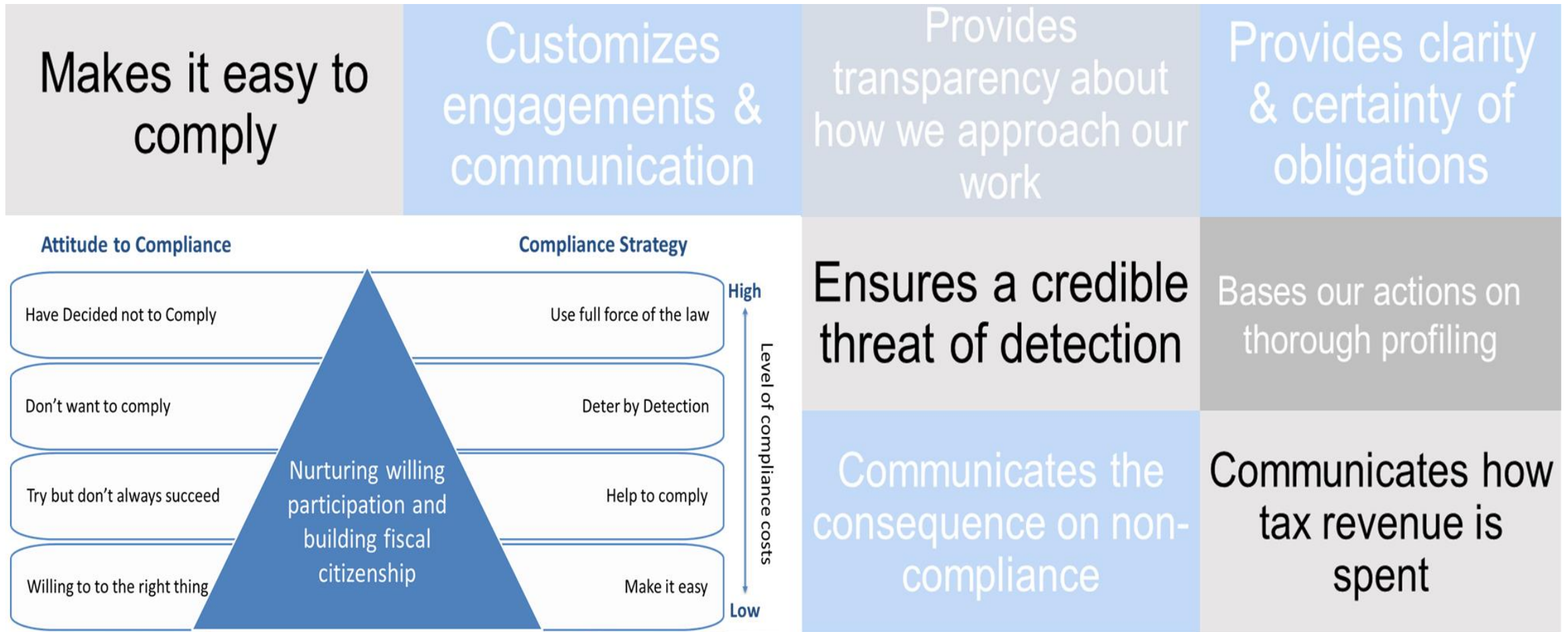


AEO Segments



SARS Compliance Philosophy

SARS' strategic intent strives to work towards a system of voluntary compliance & this requires of SARS to place more reliance on taxpayers & who choose to be compliant



Criteria for Level 1 - AEO Compliance

Appropriate Record of Compliance

- ✓ Must have a record of compliance for 3 years preceding the date of application



Computer Logistical Systems

- ✓ Must have and maintain a computer system conforming to any conditions specified in the user agreement
- ✓ Must have effective internal accounting, record keeping and operational system consistent with GAAP (Generally Accepted Accounting Principles)

Criteria for Level 1 – AEO Compliance Cont...



Sufficient Customs Knowledge

- ✓ Must have sufficient knowledge of customs and excise laws and procedures to implement and maintain an effective accredited client status compliance system



Sufficient Financial Resources

- ✓ Must have sufficient financial resources, as evidenced by
- ✓ Must have audited financial statements of the business for the past three financial years
- ✓ Where no such statements are available, other evidence of the financial viability



Domestic Taxes

- ✓ Must have not outstanding taxes, interest, penalties or other amounts due and payable to SARS
- ✓ Must have no outstanding tax returns or other documents that must be submitted for tax purposes to SARS

Benefits for Level 1



Client Relationship Manager



Prioritise TDN and VDN



Reduced security amounts



Reduced Inspections



Allow for Embargo inspection
Irrespective of the type of goods



Flexible Inspections



Expedited Processes



Use of unique SARS AEO logo

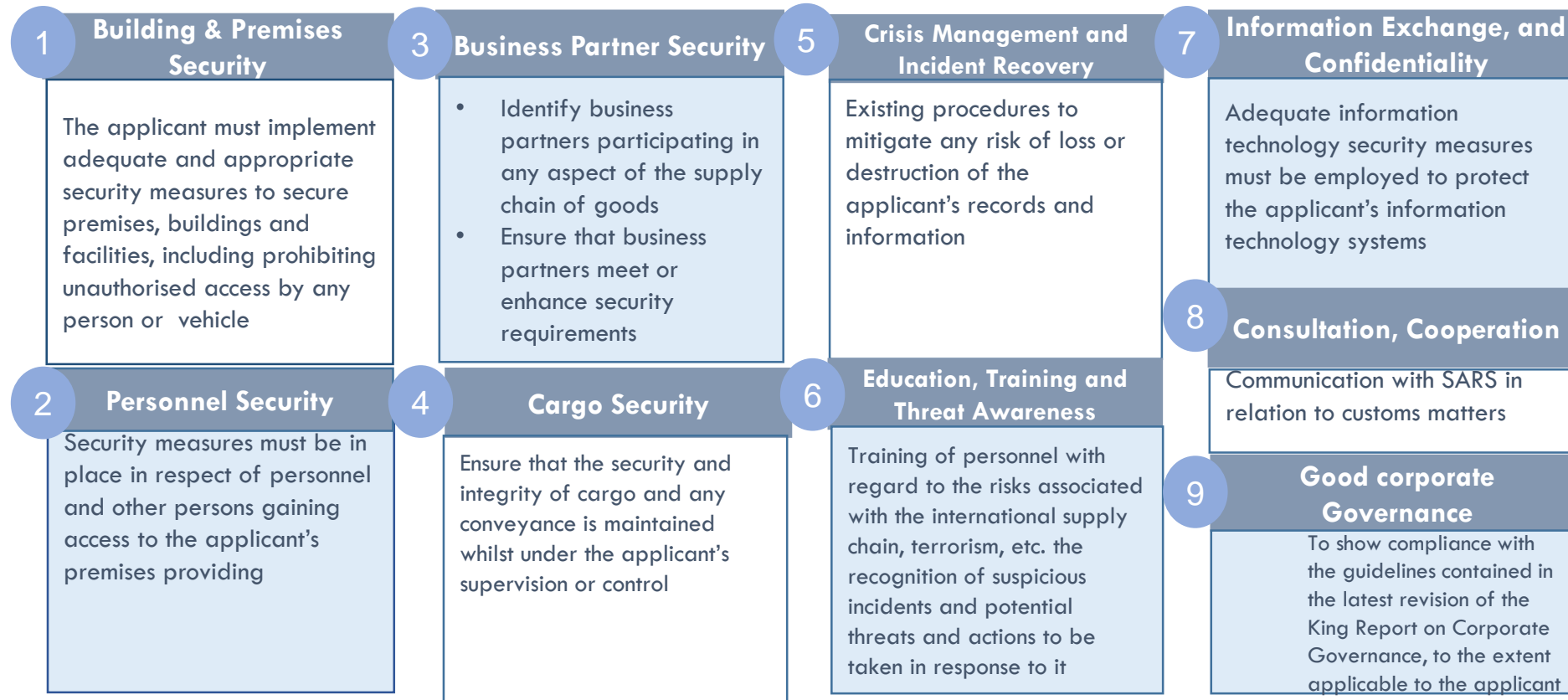


Mutual Recognition with
major Trading Partners



Priority to documentary and
Physical inspections

Criteria for Level 2 – AEO Safety & Security



Benefits for Level 2

In addition to Level 1 benefits, AEO-S accredited traders will be entitled to the following benefits:

✓ Exemptions from specified customs supervision for special or extra attendance

✓ Prioritising of applications for special or extra attendance services where not exempted

✓ No charges been imposed where special or attendance required

✓ Expedite processing of refund & drawback applications

✓ Provision of targeted training sessions

✓ Provision of trade statistics on quarterly

✓ Extension of validity of the relevant license issued to such holder

✓ Reduced cyclical compliance audit

✓ Fewer documentary & physical inspections for compliance & supply chain security risk

✓ Exemptions from security payments

✓ Recognition by other Government Agencies to the extent provided for in the memoranda of understanding

✓ Recognition by other custom Authorities to the extent provide for in mutual recognition arrangements

SARS AEO Programme Progress

SARS
144 AEO-C
+ 1 AEO-S



Accreditation

- AEO-C extended to all supply chain entities
- SMME AEO Programme in development
- AEO-S certification for all supply chain entities has commenced
- Self-service capability in design
- Stakeholder Collaboration Forum established

Interagency AEO Programmes

- 1st Interagency AEO programme developed & ready for pilot in Jan 2022
- 2nd Interagency AEO programme in development

Regional AEO

- Single SACU AEO programme in development
- Mutual Recognition Arrangements in progress with 2 SACU trading partners

Augmented Benefits

- Mutual Recognition Arrangements in progress with 5 international trading partners
- New benefits conferred
- MRA with China signed

SMME Overview

SMMEs are the lifeline to the South Africa economy contributing significantly to GDP and job creation.

They are the hope of an ailing South African economy with low growth prospects and high unemployment rate, as they contribute significantly to the GDP and provide job opportunities.

The National Development Plan envisioned that by 2030 SMMEs will contribute 60-80% to GDP increase, and generate 90% of the 11-million new jobs in our country.

The SMME segment only pays about 6% of corporate taxes and accounts for 20% of GDP, small and medium enterprises employ about 47% of South Africa's workforce. Given the impact on employment, South Africa, including SARS needs a cohesive plan and make every effort to support SMMEs.

It is important that SARS supports SMMEs through various programs and assist them to improve business growth, trade facilitation as well as compliance with various laws. SARS is looking at AEO as one of the programs that will benefit the SMME and also ensure compliance.

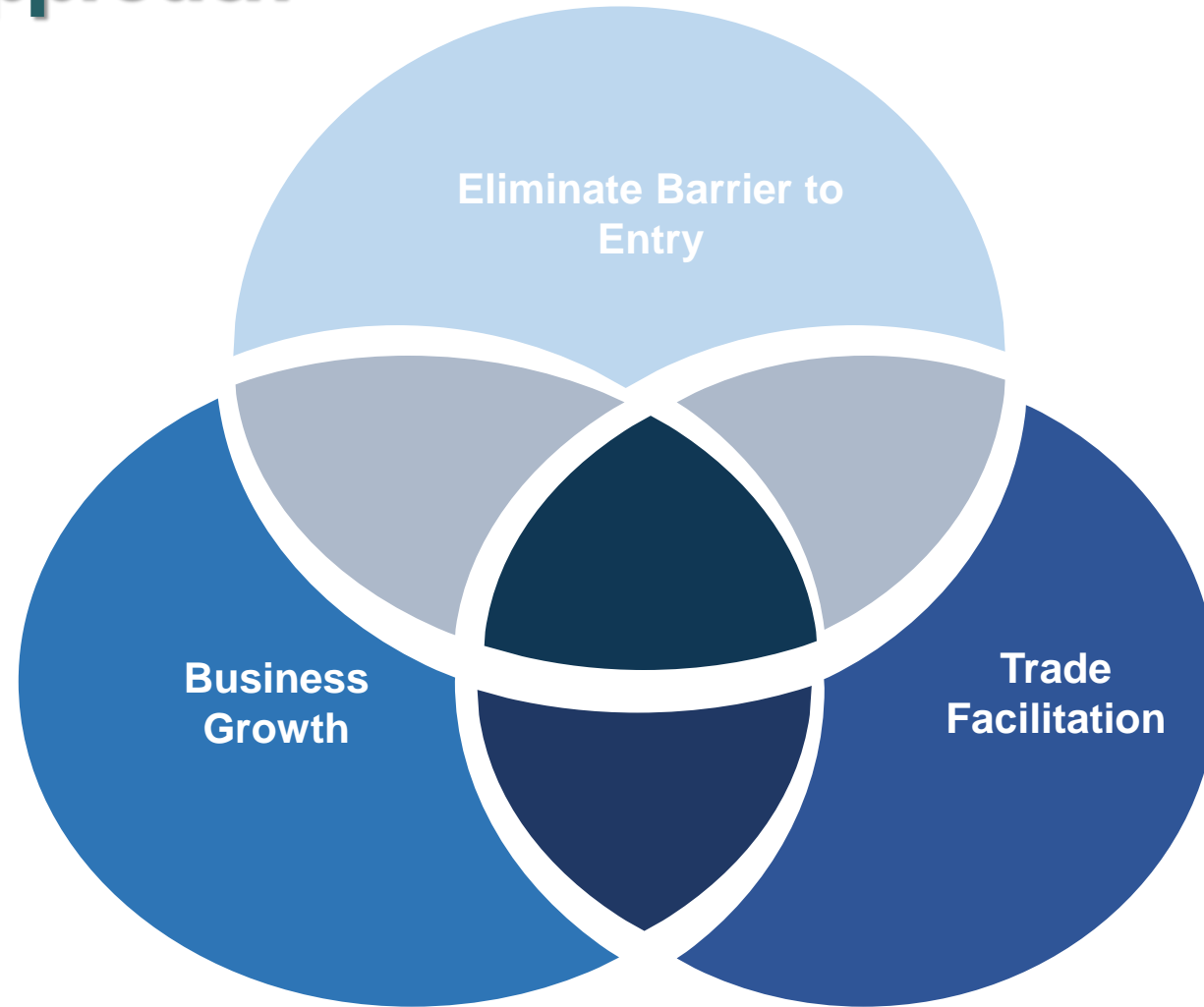
SMME's are the lifeline to the South African Economy

Contribute significantly to the GDP and job creation

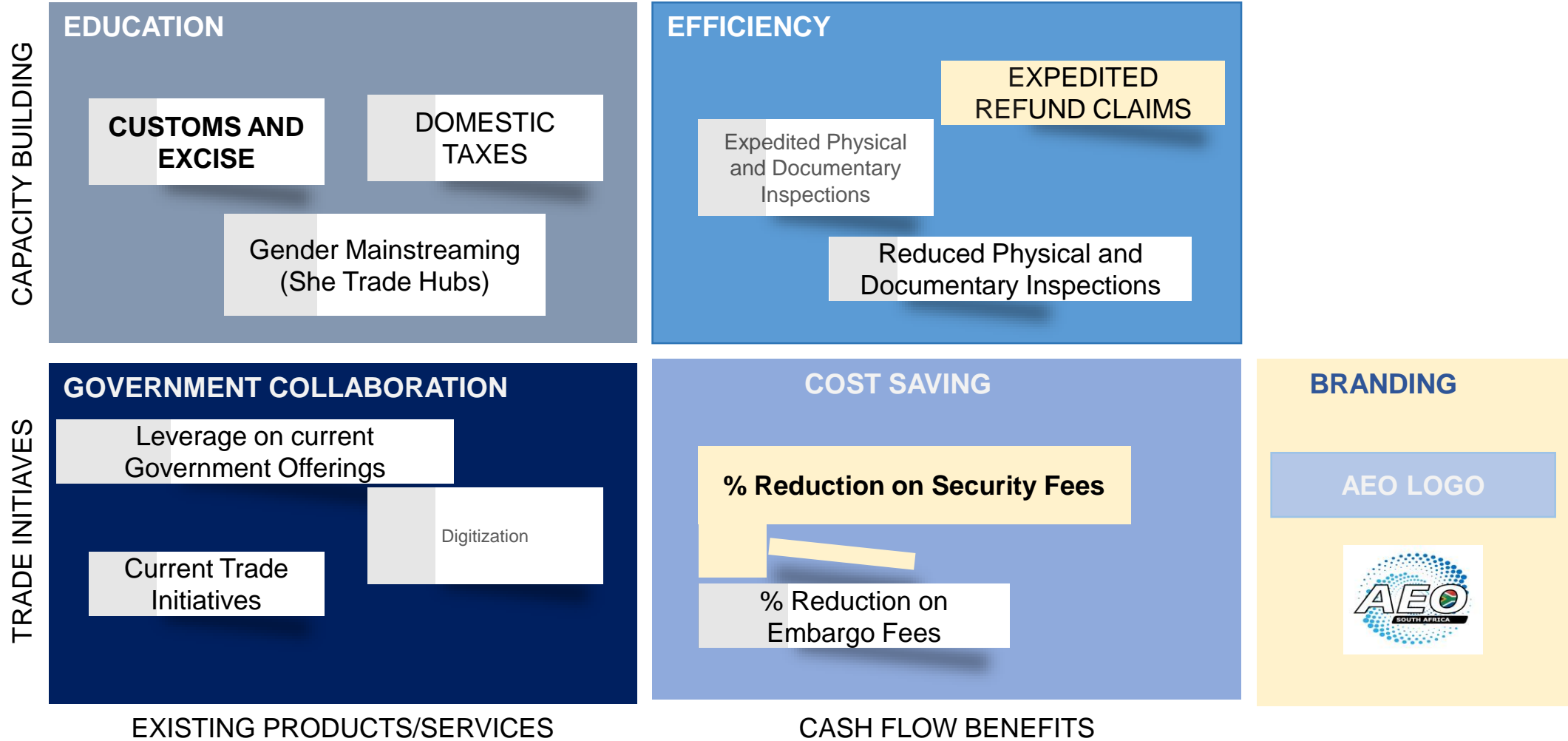
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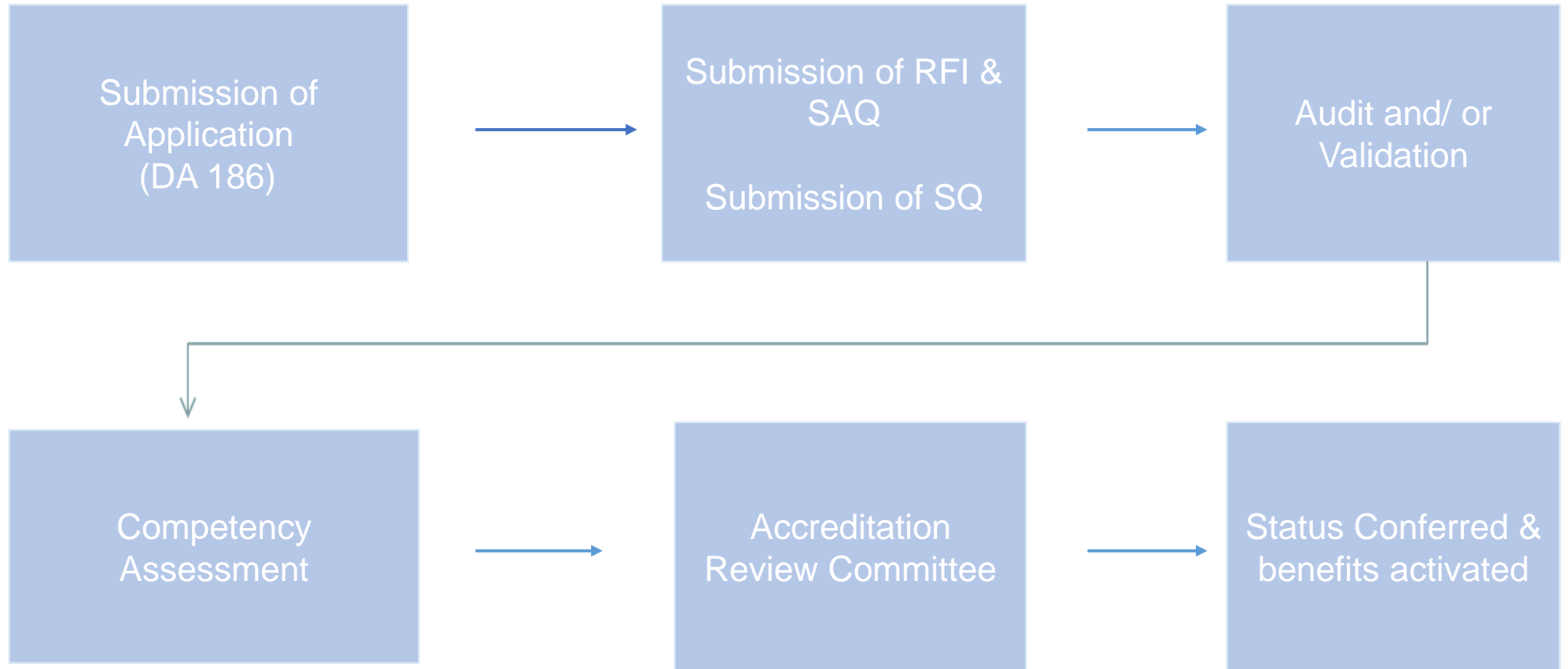
SMME Approach



Recommended Benefits for SMME's



Application Process



Validity of AEO Status

Accreditation Status

takes effect on the date specified on the accreditation letter or certificate; and remains valid for a period of five years.

Lapses

An accredited client status lapses before its expiry of five years if:

- holder's registration or license is suspended or cancelled in accordance with section 60(2); or
- the status holder no longer intends to retain the status, and notifies the Commissioner of such intention.

Renewal of Status

Apply for renewal of the status no later than 30 calendar days before expiry of the status.



All the provisions applicable to an application in paragraph 64E.05 for renewal of accredited client status application.
Second



Commissioner may extend the validity period of the status if renewal application is not finalised before expiry date

*Thank you
Re a leboha
Re a leboga
Ndza Khensa
Dankie
Ndi a livhuwa
Ngiyabonga
Enkosi
Ngiyathokoza*