

# Authorised Economic Operator (AEO) – Simplifying trade for Brexit and beyond



As the Brexit process continues, Irish businesses need to prepare for the changes in trading into and out of the UK once the UK finally leaves the EU. If the UK leaves the EU Single Market and Customs Union with no other arrangements in place, all trade between Ireland and the UK will require full customs clearance and tariffs would be imposed on Irish exports to the UK and imports from the UK into Ireland. Even with a free trade agreement customs clearance requirements will be a feature of the new trading arrangement with the UK and tariffs may still apply to certain classes of goods. This could quickly become costly not only in terms of tariffs (i.e. duty) but also in terms of non-tariff costs (e.g. administration and logistics and delays in clearing goods at customs frontiers). One possible solution to mitigate these non tariff costs is AEO.

## What is AEO?

AEO is an EU wide program designed for “trusted traders” who are able to demonstrate consistent quality, compliance and trustworthiness in their supply chain to Customs authorities.

AEO status does not eliminate potential tariffs on importation of goods but it can significantly help mitigate non-tariff costs associated with international trade in particular simplifying the importation and exportation process and bringing faster and more efficient clearance of goods at Customs frontiers.

## The Benefits of AEO

The benefits of AEO trusted trader status include;

### *Operational*

- Fast tracking of consignments through customs frontiers.
- Fewer physical and documentary examinations, and priority treatment if selected for inspection at a customs frontier.
- Reduced risk of delayed shipments.
- Improved relations with customs and other government authorities.
- Reduced Customs audits.
- Better corporate governance.
- Demonstrates to internal and external parties that the holder operates secure supply chains and efficient and compliant customs processes and controls.

### *Financial*

- Easier access to customs special procedures (e.g. customs warehousing and inward processing) and simplifications (e.g. centralised clearance and self-assessment).
- Waiver with regard to the level of guarantee required for special procedures.
- Reduced level of insurance premiums.

The EU has also concluded mutual recognition of AEO schemes with China, Japan, Norway, Switzerland and the US which can also help simplify import procedures in these jurisdictions and facilitate faster Customs clearance.

## The application process and criteria

AEO status is open to all EU established traders involved in international trade.

To qualify for AEO trusted trader status traders must demonstrate to the Customs Authority that they have robust processes and controls in place in respect of all aspects of the business relating to Customs matters.

In Ireland, the application process involves a detailed internal review and documentation of these processes and controls, followed by a Revenue validation of these.

Application for AEO trusted trader status requires investment from stakeholders across the business including IT, Customs and finance etc but the ongoing benefits flowing from AEO trusted trader status can significantly outweigh the initial investment involved.

To date over 140 traders across a wide range of areas from pharmaceutical to retail to logistics and technology have availed of AEO status in Ireland.

## KPMG can assist

AEO certificates are not granted lightly, and businesses could perceive the application process as complicated and burdensome.

Our experienced KPMG Customs & Trade team can provide you with step-by-step guidance throughout the AEO application process – from the project roll-out to the moment the AEO accreditation is granted.

For traders currently examining their options we can also carry out an initial assessment to determine if AEO trusted trader status is the right fit for your business or if alternative Customs reliefs such as Customs warehousing or inward processing, or even supply chain modifications may be more suitable.

Our approach is always tailor-made and flexible – whether the business wants an initial assessments of options available, full end to end assistance with AEO application or merely a coordination and helpdesk function.

## For further advice on how KPMG can support your business, please get in touch:



### Glenn Reynolds

*Partner*

VAT & Customs

**t:** +353 1 410 1371

**m:** +353 87 7441 371

**e:** glenn.reynolds@kpmg.ie



### Fionn Uibh Eachach

*Director*

VAT & Customs

**t:** +353 1 700 4827

**m:** +353 87 050 4827

**e:** fionn.uibheachach@kpmg.ie



### Frankie Devlin

*Partner*

VAT & Customs, Belfast

**t:** +44 28 9089 3753

**ext:** Dublin 1469

**e:** frankie.devlin@kpmg.ie



### Bob Jones

*Director*

Trade and Customs

**m:** +44 0 7802 844 650

**e:** bob.jones@kpmg.co.uk



**kpmg.ie**

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