

**GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
CENTRAL BOARD OF REVENUE**

Islamabad, the 18th June, 2001

**NOTIFICATION
(CUSTOMS)**

S.R.O. 450(I)/2001.-¹[In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), section 50 of the Sales Tax Act, 1990, section 40 of the Federal Excise Act, 2005 and section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to make the following rules, namely:-]

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²[**Chapter XXXII
Authorized Economic Operator Rules**

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745. Procedure for issuing AEO certificates.-(1) Each application shall be acknowledged and recorded in the WeBOC module.

(2) If application is incomplete or deficient, the applicant shall be suitably informed within thirty days of the receipt of application. In following cases, the application shall not be processed until the deficiencies are rectified, namely:-

- (i) when application is incomplete - it may be resubmitted with the complete information;
- (ii) where the application has not been made by a legal person - It can only be resubmitted by the concerned legal entity;
- (iii) where no responsible person is nominated as the Point of Contact – This can only be resubmitted when the applicant nominates a responsible person who will be the point of contact for the AEO Programme;
- (iv) where the applicant is subject to bankruptcy proceedings at the time the application is made - This may be resubmitted when the applicant becomes solvent; and
- (v) where a previously granted AEO status has been revoked – Application may not be resubmitted until the period as prescribed in sub-rule (6) (d) of rule 751 has elapsed after the date of revocation.

(3) Rejection of application-

(a) the application shall not be accepted in any of the cases, namely:-

- (i) where the applicant is not eligible for grant of AEO status; or
- (ii) where the deficiency noticed in the application cannot be rectified.

(b) the information regarding the rejection of such application shall be given to the applicant by director or collector AEO within thirty days of the receipt of the complete application; and

¹ Existing preamble substituted and shall be deemed always to have been so substituted vide SRO 831(I)/2018 dated 2nd July, 2018. At the time of substitution was as under:-
“In exercise of the powers conferred by section 219 of the Customs Act, 1969 (IV of 1969), the Central Board of Revenue is pleased to make the following rules, namely:-”

² Added vide SRO 1114(I)/2020 dated 26th October, 2020

- (c) such applicant shall have right to file appeal to review the Customs Department's decision within thirty days from the date of receipt the decision. The Director General/Chief Collector AEO shall review and issue review order within forty-five days from the date of receiving the appeal. The review order shall be considered final.
- (4) Processing of application-
 - (a) on receipt of the complete application and after ensuring that the applicant is eligible to apply, the information and documents submitted by the applicant shall be scrutinized to assess whether or not the eligibility conditions and criteria for granting the AEO certificate as mentioned under the rule 744 are met by the applicant;
 - (b) if necessary, further information and/or documents in support of the claim of the applicant may be called for by an officer not below the rank of Assistant Director/Collector. Such request shall be sent in writing;
 - (c) all such requests for additional information and/or documents shall be sent in writing;
 - (d) the applicant shall submit such information and/or documents within a reasonable time;
 - (e) in case of an application for grant of Gold or Silver status, the information and/or documents submitted by the applicant shall be scrutinized, and if they are found eligible to the satisfaction of the Director/Collector AEO, the applicant shall be duly intimated within thirty days of submission of the information and/or documents. Thereafter, the successful application will be assigned to a specific AEO Team comprising of two appraising officers, two assistant or deputy directors and one additional director within fifteen days to carry out physical verification of the information and documents. The date for physical verification would be decided by the team in consultation with the applicant. AEO team will proceed in the following manner, namely:-
 - (i) the AEO Team of the Directorate/Collectorate will, within thirty days, visit the business premises for verification of the information and documents provided. Such visit shall be made on a convenient date after consulting the applicant;
 - (ii) if within forty five days of the date of intimation issued in terms of sub-rule (e), the applicant has not been contacted by the AEO Team for visit, then the applicant should contact the Additional Director/Collector AEO immediately;
 - (iii) during the course of such verification, the applicant, for Gold or Silver status, should be prepared to answer questions or provide additional information on all aspects of the application to the visiting AEO team;
 - (iv) evaluation of the criteria laid down under rule 744 shall be carried out for all the premises which are relevant to the customs related activities of the applicant for Gold or Silver, status. The evaluation as well as its results shall be documented by the AEO team;
 - (v) in case several premises of the applicant are run in a similar way by standard systems of record keeping and security etc. there will be no need for the AEO Team to visit all of them. However, if the business of the applicant covers a range of activities or different premises have different methods of operating, then it may be necessary for more visits to be made;
 - (vi) the duration of visit or verification would depend on the size of business, number of premises, how they operate etc. The AEO team will give the applicant for Gold or Silver status an estimate of time required, though this may have to be amended once the verification has commenced. The date(s) for physical verification would be decided by the team in consultation with the

applicant. The evaluation by the Team will be carried out as per prescribed criteria provided under rule 744;

- (vii) during the course of physical visit/verification, the person who is nominated in the application form as point of contact must ordinarily be available unless unforeseeable situation arises. In addition, individuals responsible for specific business activities such as transport, record keeping and security should also be available;
- (viii) on completion of verification, the AEO Team will prepare their report and make a recommendation to the Director/Collector AEO within sixty days of completion of visits or verification. The contents of report and recommendation can be seen by applicant who shall get the opportunity to sign the same, but this shall not be a mandatory requirement; and
- (ix) within thirty days of such recommendation by the AEO Team, the applicant shall be suitably informed, including issue of the appropriate AEO certificate for Gold or Silver status, by the Director or Collector AEO;
- (f) where the application for grant of Gold or Silver status is not accepted by the Director or Collector AEO after verification by the AEO Team, the applicant will be intimated of the criteria that have not been met and the applicant will be given sufficient time to adapt procedures to rectify the deficiency. If applicant is unable to make required changes within the specified time limits, the Director AEO will issue a decision, in writing, to reject applicant's AEO application, explaining the reasons for such rejection;
- (g) in exceptional cases, the physical verification may be held in abeyance by consensus between the, applicant for grant of Gold or Silver status and the Director or Collector AEO in order for the applicant to provide additional information or to permit minor problems to be addressed. The period of such suspension or stoppage of physical verification will normally not be longer than six months and applicant will be informed in writing of the date when the AEO verification will recommence and the revised date by which applicant can expect a decision on his application;
- (h) in case, an application for grant of platinum status is submitted by a holder of Gold status, who has been continuously enjoying the Gold status for a period of twelve months or more, the applicant shall be issued the Platinum certificate within thirty days of submission of the application. However, in case of any significant changes in the business or the processes since the previous physical verification by an AEO Team, the applicant may be subjected to physical verification as may be deemed necessary by the Director or Collector AEO by following the procedures under clauses (e), (f) and (g);
- (i) in case, an application for grant of Platinum status is submitted by a holder of Gold status, who has not been continuously enjoying the Gold status for a period of twelve months or more, but who satisfies the eligibility condition mentioned at sub-rule (c) (ii) of rule 742, the application will be assigned to a specific AEO Team within fifteen days to carry out physical verification of the information and documents submitted in Annexure-F only. The date for physical verification would be decided by the team in consultation with the applicant. Thereafter, the procedures as mentioned in sub-rules (e), (f) and shall be followed:

Provided that in case of any significant changes in the business or the processes since the previous physical verification by an AEO Team, the applicant may be subjected to physical verification as may be deemed necessary by the Director AEO by following the procedures as mentioned in sub-rules (e), (f) and (g).

- (5) Time limit for processing an application-

- (a) The time limit for processing an application is one hundred and twenty days from the date the application is accepted. If the customs authority is unable to meet this deadline this period may be extended by further period of sixty days; and
- (b) If issues of non-compliance with the qualifying criteria are discovered during the preliminary checks or during the physical inspection the applicant should be given an opportunity to address the issues. In these circumstances, the time period mentioned in sub-rule (4) may be extended indefinitely.