

**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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751. Post-certification Provisions.-

(1) **Validity of AEO Certificate-** The validity of AEO certificate shall be two years for Gold, three years for Platinum and Silver.

(2) **Renewal of AEO certificate-** the AEOs, if they so desire to continue their AEO status and avail the benefits, must submit their application for renewal of AEO certificate before expiry of validity as per the following:-

Sr.	AEO Status	Time limit for submission of application for renewal before lapse of validity
(1)	(2)	(3)
1	Gold	45 days
2	Platinum	45 days
3	Silver	45 days

- (b) while submitting the application for renewal, the applicant shall clearly highlight the changes from the last application; and
- (c) Director or Collector AEO and AEO team may consider the renewal applications by following the procedure adopted while granting fresh AEO status.
- (3) Maintenance of AEO Status-
- (a) after obtaining AEO status, the AEO status holder should maintain their eligibility by adhering to the prescribed criteria.
- (b) The holder of a Certificate of AEO Status is required to inform Director or Collector AEO any significant change in business and processes which may affect the AEO-status. These changes may include the following:
- (i) changes to the legal entity;

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

- (ii) change of business name and address;
 - (iii) change in the nature of business i.e. manufacturer or exporter etc.;
 - (iv) changes to accounting and computer systems;
 - (v) changes to the senior personnel responsible for Customs matters;
 - (vi) addition or deletion of locations or branches involved in international supply chain;
 - (vii) Any other change relevant to the AEO holder;
- (c) the AEO status holder should notify the AEO Team as soon as the change is known or, at least within 14 days of the change taking place;
 - (d) if the legal entity changes, the AEO status holder needs to reapply for AEO in the name of new legal entity; and
 - (e) if the AEO status holder makes customs related errors, they must be reported to the relevant "Deputy Collector AEO Relationship" as well as the AEO Team. Errors that are voluntarily disclosed will not impact the AEO status provided that the AEO status holder has;
 - (i) examined the reasons for the errors; and
 - (ii) taken appropriate remedial action to prevent recurrence;

(3) Review of AEO status,-The AEO team shall review AEO status periodically to ensure continued adherence to the conditions and standards of grant of certificate of AEO status. The AEO status holder shall continue to re-assess its compliance with the conditions of certification and act upon any identified problems as soon as they arise. The frequency of such review shall be two years, three years and three years in case of Gold, Platinum and Silver respectively. As far as possible, the review and the onsite Post Clearance Audit, if applicable, shall be conducted simultaneously and necessary liaison will be maintained between the Directorates of PCA and the Directorates or Collectorates of AEO.

(Note: AEO evaluation primarily evaluates the governance of an entity while Post Clearance Audit aims to check legality of clearances and correct payment of leviable duty or taxes)

- (4) Suspension or downgrading of AEO status-
 - (a) an AEO authorization may be suspended by the AEO Board in the following circumstances:-
 - (i) where any non-compliance with the conditions or criteria for the Certificate of AEO status has been detected; or
 - (ii) where there is sufficient reason to believe that an act, which gives rise to criminal court proceedings and linked to an infringement of the customs rules, has been perpetrated by the AEO; and
 - (iii) in the case of a Custodian or Custom Agent or Warehouse Operator, where the basic license as a Custodian or Custom Broker or Warehouse Operator, as the case may be, has been suspended by the competent authority;
 - (b) if any customs officer discovers any of the above, the competent AEO Directorate should be contacted immediately;
 - (c) in the case of an AEO importer or an AEO exporter, if any amount has been adjudged due to infringement of duty and taxes, other than those covered under sub-rule (3)(a) of rule 744, the regulatory Director or Collector AEO may downgrade the status of an Platinum to Gold or suspend the status of the AEO, as deemed appropriate. The decision shall be taken after due diligence and on careful evaluation of the material evidence and arguments against the AEO of the case. The regulatory Director or

Collector AEO may consult the jurisdictional field formations before arriving at the final decision in this regard;

- (d) depending on the circumstances the authorization may;
 - (i) be suspended immediately;
 - (ii) the suspension may be postponed pending a court decision; and
 - (iii) the operator may be given 30 days to regularize or correct the situation. This period may be extended by another 30 days if the trader can provide evidence;
 - (e) if the operator fails to take the necessary measures within the suspension period provided, the regulatory Director AEO will revoke the authorization and will communicate the same to the operator accordingly; and
 - (f) where an AEO is temporarily unable to meet any of the criteria they may request suspension of their authorization. In such circumstances the trader must specify the reason for the non-compliance, the intended measures to regularize the situation and the time period required to regularize the situation. The time period may be extended if the AEO has acted in good faith. Such suspension shall be communicated to all customs authorities through the central Customs Computerized System database. If the situation is not regularized within the specified time or after a reasonable extension, the authorization will be revoked as provided in sub-rule (6).
- (5) Restoration of suspended or downgraded AEO Status-
- (a) where AEO status had been suspended on account of detection of any noncompliance with the conditions or criteria for the Certificate of AEO Status, and if the AEO holder takes the necessary remedial measures to the satisfaction of the Director/ Collector AEO within 60 days of suspension, the AEO Board may restore the AEO status from notified date;
 - (b) where AEO status had been suspended on account of suspension of the basic license as a Custodian or Custom Agent or Warehouse Operator or as the case may be, and subsequently such suspension of the basic license is revoked by the competent authority, the Director or Collector AEO may consider restoration of AEO status, and if deemed appropriate may restore the AEO status from a date to be notified;
 - (c) where AEO status had been suspended on account of issue of adjudged arrears, and if the ratio of disputed duty demanded or drawback demanded or sought to be denied under the Customs Act, 1969 during the last three years to the total duty paid and drawback claimed during the said period is not more than ten percent, the AEO Board may consider restoration of AEO status, and if deemed appropriate may restore the AEO status from a date to be notified; and
 - (d) in case an AEO status has been downgraded, it shall be open to the entity to apply again for higher status as and when the eligibility conditions and criterion are met by it. AEO Board will consider such applications by following the procedure, which was adopted while granting the fresh AEO status.
- (6) Revocation of AEO Status-
- (a) in following circumstances, the Certificate of AEO Status shall be revoked, namely:-
 - (i) where the Certificate of AEO Status is already suspended and the AEO holder fails to take the remedial measure within 60 days to have the suspension withdrawn; or
 - (ii) where there is a reasonable belief that an act has been perpetrated that is liable to lead to prosecution or is linked to an arrest of person under Customs Act, 1969 as mentioned in sub-rule (3)(b) of rule 744; or

- (iii) an amount has been adjudged involving fraud, forgery, outright smuggling, clandestine removal of goods or cases where incidence of duty/taxes has been passed on to the customers but not deposited in to the Government treasury as mentioned in sub-rule (3)(a) of rule 744: or
 - (iv) where serious infringements related to customs rules have been committed by the AEO and there is no further right of appeal; or
 - (v) where the AEO status holder requests for the revocation of AEO certificate;
- (b) all cases for the revocation of AEO status will be placed before the AEO Board for decision;
 - (c) prior to any decision to revoke authorization, the applicant will be issued a show cause notice. Revocation shall apply from the date of revocation as notified; and
 - (d) in case the AEO status is revoked, AEO status holder will not be entitled to reapply for the AEO certificate for a period of one year from the date of revocation. However, such applicant shall have right to file appeal to review the decision of revocation within thirty days from the date of receipt the decision. The AEO Board shall review and issue review order within forty-five days from the date of receiving the appeal. The review order shall be considered final.