

TAX FLASH NEWS

3 August 2021

Auto-renewal for AEO-T1 entities subject to submission of annual declaration

Circular No. 33/2016-Customs dated 22 July 2016 as amended by subsequent circulars state that the validity of AEO-T1 is three years. This validity can be renewed by submitting an application for renewal 30 days prior to the expiry date. With a view to reduce compliance burden, CBIC has issued a circular¹ on 31 July 2021 to allow the facility of continuous AEO certification / auto renewal for AEO-T1 entities.

Gist of the Circular

- Facility of continuous AEO certification / auto renewal for AEO-T1 entities will be available subject to submission of annual declaration and review thereof.
- Time period to submit annual declaration:
 - To be filed between 1 October to 31 December each year
- Entities certified after 1 April 2019 will stand migrated to auto renewal with effect from 1 August 2021.
- Procedure :
 - a) Zonal AEO Programme Manager who had approved the AEO-T1 certification will take the annual self-declaration on record.
 - b) Comprehensive Compliance Review based on the declaration will be initiated which is outlined as under:
 - Review will be conducted on the basis of :
 - at least two annual self-declarations filed after issuance of AEO-T1 certificate; or
 - from the date of last auto renewal of certification on account of successful review, whichever is later.
 - Review process will be completed:
 - before the commencement of the due date for submission of the third annual self-declaration (i.e. before 31 October) from the date of certification; or
 - from the date of last auto renewal of certification on account of successful review, whichever is later.
 - Additional documents / information may be required to be submitted for completion of the review process.
 - As the review process would rely on the two annual declaration for the last two financial years:
 - AEO-T1 entities certified between 01 April 2019 and 31 December 2019 would be required to submit the details of the previous two financial years as their first annual self-declaration for the current year i.e. between 01 October 2021 and 31 December 2021.
 - AEO-T1 entities certified between 01 January 2020 to 31 December 2020 would be required to submit the details of the previous two financial years as their first annual self-declaration for the next year i.e. between 01 October 2022 and 31 December 2022.

¹ CBIC Circular No. 18/2021-Customs dated 31 July 2021

- Such annual declarations would be scrutinized within 60 days i.e. by the end of February 2022 and February 2023 respectively.
 - All other AEO-T1 entities would be required to submit only one annual self-declaration for previous financial year.
- c) Based on above review, the concerned zone will either approve continuous certification or revoke continuous certification.
- d) Suitable action in terms of Circular No. 33/2016-Customs dated 22 July 2016 in cases where any change in AEO-T1 compliance as per self-declaration is noticed or any adverse input is received from any field formation / investigation agency will be taken.
- e) Once revoked, a new AEO-T1 certification would be granted through fresh filing of application for AEO certification
- Other Points :
 - AEO-T1 entities certified on or after 01 January 2021 will not be required to submit annual self-declaration for the present year.
 - All field formations of Customs and GST zones, DGRI and DGGI are required to communicate any non-compliance noticed by AEO status holder.

Our comments

It is a welcome circular as the procedure for application for renewal of AEO-T1 has been removed. Instead of it, submission of annual declaration is brought into effect for auto renewal. However, a further clarity would be required on the status of AEO in cases where the annual declaration is not submitted or whether delay in submission of annual declaration can be condoned without revocation.



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