

Latest developments in the implementation of “Authorized Economic Operator”

Significant amendments have been made on the Authorized Economic Operator (AEO) and certain obligations have been introduced particularly for companies entitled to hold that status, through the Regulation Requiring Amendments to the Regulation on Facilitation of Customs Transactions (GİKY) published in the Official Gazette dated 25.06.2018.

In that context, the topic of this article consists of some significant amendments made over the GİKY on 25 June.

1. Internal audit, structure of internal control and training

Regarding the requirement for reliability and traceability of commercial records, the customs administration expects from those companies to have an in-house system to verify and certify that the customs procedures are legally compliant and that the goods are appropriately declared to the customs authorities.

Accordingly, the requirements provided below are sought concerning the implementation of internal check and internal audit;

- Staff/units handling the internal audit/internal check should be different from the direct representative of the customs procedures or the units of those persons if they are carried out in-house,
- In the circumstance that they are handled through service purchase, staff/units handling the internal audit/internal check should be different from the direct representative of the customs procedures or the units of those persons.

2. Amendments following the entitlement of certificate

Following the entitlement of AEO certificate, in cases of assignment of new persons and changes in the physical structure of the existing facilities or changes in the new facility, warehouse opening or leasing under the authority of the members of the board of directors, the real persons who have more than ten percent of the capital and the personnel who have the authority to represent in the customs and foreign trade transactions, it has been determined that the situation should be submitted by the required documents within 5 work-days following the date of change.

3. Liabilities of companies entitled with Authorized Economic Operator

As the number of companies holding the AEO certificate increases, the significance of ensuring the continuity of that certificate as well as obtaining it has increased. Within that context, the Customs Administration expects that the companies entitled with an AEO certificate should notify the changes made within the scope of the certificate in an urgent manner and will take appropriate action according to the conditions of the AEO in the new service procurement situations to be made under the certificate.

4. Application requirements for authorized sender and receiver

Following the changes on the application requirements for authorized sender and receiver, it is expected that the companies that will apply to these authorities will have provided at least one of the following conditions within one year from the first calendar year of the application year or the first day of the month in which the application is submitted;

- Having transmitted goods within the scope of at least five hundred transit declarations (including TIR Carnets),
- Handling transactions in the context of a total of five hundred transit declarations and summary declarations, provided that at least three hundred of them are transit declaration (including the TIR Carnets).

In addition to these conditions, there is also a requirement that companies have at least one facility to be used under their authority.

5. Questionnaire and site survey assessment form

The 3.2.version of new Annex-2 (V.3.0) questionnaire which was published through the amendment on 13 October has been published by the regulatory amendment on 25 June. In the existing questionnaire, some changes have been made to the Regulation amendment and new questions have been added on certain processes such as production, physical security and compliance with customs legislation.

The ANNEX-7 On-Site Investigation and Assessment Form updated under the latest questionnaire contains arrangement on how replies from the companies should be evaluated.

6. Activity report

Through the Regulatory amendment on June 25, the format of the annual report and the party that should draft the report have been identified.

"Annual Activity Report" is a sort of document prepared in accordance with the procedures set out in Annex-22 / A and Annex-22 / B by examining the customs procedures performed within the scope of the AEO certificate at the end of each twelve month period after the date of issuance of the certificate.

The annual report can be prepared in accordance with GIKY 158-1 in-house or through service procurement. Following 12 months after the certificate is issued, it is expected to prepare the report within 3 months by making an examination within the scope of the topics mentioned below.

7. Preview of the terms of authority and permissions

One of the significant amendments made on June 25 is that whether the conditions for preliminary review are met is subject to preliminary monitoring by the regional directorate, which issues a certificate every 3 years as of the date the that the certificate is issued. Accordingly, the documents related to the authentication of these conditions and the Annex-2 questionnaire and activity reports are submitted to the General Directorate by the

regional directorate every three years from the date the certificate was issued within five workdays following the completion of the preliminary monitoring.

8. On-site monitoring and retrospective control of the conditions of authorizations and permits

After the activity of preview, updated questionnaire and annual report will be sent to the General Directorate and the company will be subject to on-site monitoring and checks for customs procedures.

Within the scope of on-site monitoring and retroactive inspections of the operations, the facilities of the company will be inspected by the Inspector based on the principles of on-site inspection every three years. Likewise, every three years, customs procedures will be checked retrospectively in accordance with the Regulation on Post-Control and Risky Operations.

9. Conclusion

As provided above, within the scope of the Regulation on the Amendment of the Regulation for Facilitation of Customs Transactions published in the Official Gazette dated 25.06.2018, significant responsibilities have been introduced for the companies entitled with an AEO certificate. Some of the most significant of those arrangements may be considered as;

- Establishment of continuous training, internal control and internal audit structure,
- Notification of the Administration concerning the changes within the company (such as the changes about members of the board of directors, real persons with more than ten percent of the capital, customs officers and representatives in the foreign trade transactions, new warehouse opening),
- Preparation of annual activity report,
- Standing prepared for a preview activity to be handled once every 3 years,
- Standing prepared for on-site monitoring activity to be handled once every 3 years.

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