



vat's important
AEO – Authorised Economic Operator

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The security of international goods and service supply chains, as well as the associated statutory requirements for cross-border freight traffic, is an ongoing point of discussion – especially after the attacks of September 11, 2001. Numerous countries have enacted provisions to secure supply chains and, in particular, introduced the status of Authorised Economic Operator (AEO). Many companies are now wondering whether this status is worthwhile for their own businesses.

An 'Authorised Economic Operator' has special status: In an international supply chain, it is considered to be a particularly reliable and trustworthy business partner, because it complies with certain security standards that have been verified by the relevant customs authority. Economic operators may claim certain benefits under customs clearance through AEO certification by the competent customs administration. In return, the efficiency of the supply chain should improve and ultimately the costs should be reduced.

AEO status in the EU

In the EU, the status can be granted in three versions as of January 1, 2008:

- AEO 'Customs Simplification' (AEOC) certificate
- AEO 'Security and Safety' (AEOS) certificate
- AEO 'Customs Simplifications / Security and Safety' (AEOF) certificate

All parties involved in an international supply chain (manufacturer, exporter, freight forwarder, warehouse keeper, customs agent, carrier, importer and others) who are domiciled in the customs territory of the Union can be certified with the AEO status. The criteria are the same for all economic operators. However, the status cannot be given to an entire group, but rather only to a single company.

Is the status recognised internationally?

The mutual recognition of the AEO status beyond the borders of the customs territory is a key element of the framework standardisation by the World Customs Organization in order to safeguard and facilitate global trade. The EU has concluded agreements on the mutual recognition of AEO status with Norway, Switzerland, Japan, Andorra, the US and China. Further negotiations with other major trading partners (e.g. Canada) are currently under way or will be established in the near future.

Does the AEO status also exist in Switzerland?

While three types of authorisation are possible in the EU, Switzerland only has one AEO status which is comparable to the AEOS certificate (security and safety) of the EU. An AEOC certificate, especially as a basis for further authorisations as required by the EU, is not necessary in Switzerland. This is because there is adherence to specific authorisations (e.g. authorised recipient / sender or authorised exporter).

According to Swiss law, it has been possible to apply for the AEO since June 1, 2011 by companies registered either in the Swiss commercial register or in the Liechtenstein public register, and who are thus domiciled in one of these state territories.

Switzerland also strives to conclude agreements on mutual recognition with countries that provide an equivalent programme. At the moment, there are agreements in place with the EU since January 1, 2011, with Norway since July 1, 2017 and with China since September 1, 2017. Japan, the USA and other countries will be soon to follow.

Outlook: AEO – Quo vadis?

According to the notions of the World Customs Organisation, the AEO status should be introduced within each contracting state in the future – currently 182 national customs administrations. The AEO status will become established as the standard in global trade. Sooner or later, it will no longer be possible for internationally active companies to meet the requirements without an AEO certificate. In the future, there is a real risk that non-AEO-certified companies will be considered

by potential business partners as the second, if not the last, choice. Furthermore, the concerns of non-certified companies may also be dealt with as 'lower-level' issues by customs authorities. This would be very problematic for the food industry in particular, where time is crucial due to the limited shelf life of the goods. As it seems that AEO status will become increasingly consequential in the future, businesses should already be starting to consider whether the certification is reasonable for them, and if they can and want to go through the elaborate process. Ultimately, it is the secure, smooth and fast customs clearance at the borders that is the essential factor in an international supply chain.



We are happy to assist you in assessing if certification is reasonable and feasible for your company.

This was our last newsletter this year. We wish you all a Merry Christmas and a Happy (VAT) New Year in 2019.



With best regards from your VAT Team,

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