



**Dr. L. B. Singhal,**

**Secretary General, AEPC**

12<sup>th</sup> January, 2021

**Sub. - : Introduction of CBIC's flagship "Liberalised MSME AEO Package" for Micro Small and Medium Enterprises (MSMEs)**

Dear Member,

Ministry of Finance has issued a [press release](#) (A copy of Press Release is enclosed alongwith) dated 7<sup>th</sup> January, 2021 to introduce the Central Board of Indirect Taxes & Customs (CBIC) new initiative, their flagship "Liberalised MSME AEO Package" for Micro Small and Medium Enterprises (MSMEs).

The key highlights are as below-

- CBIC's flagship "Liberalised MSME AEO Package" scheme is a voluntary compliance programme which enables swifter Customs clearance for accredited stakeholders in the global supply chain viz. importers, exporters, logistic service providers, custodians etc.
- In order to attract MSMEs to become Authorised Economic Operators (AEOs) and avail the various benefits, CBIC has relaxed the compliance criteria provided the MSMEs have a valid certificate from their line-Ministry.
- The relaxed requirements allow MSMEs who have filed minimum 10 Customs clearance documents in one year and who have a clean compliance record over 2 years to apply for the scheme.
- CBIC commits to take a decision on an application for grant of AEO status within only 15 days from electronic submission of complete documents for AEO Tier T1.

· Additional benefits, like further reduction in Bank Guarantee requirements, have been introduced for MSMEs, and will be expanded subsequently.

The approved AEOs derive various benefits such as, inter alia-

- the facility of Direct Port Delivery (DPD) of imported containers,
- Direct Port Entry (DPE) of their Export Containers,
- high level of facilitation in customs clearance of their consignments thereby ensuring shorter cargo release time,
- exemption from Bank guarantees,
- priority for refund/ rebate/ duty Drawback, as well as a Client Relationship Manager at the customs port as a single point of interaction.
- Another important benefit available to specified AEOs is that their payment of Customs duty is deferred and need not to be paid before the clearance of the imported goods by Customs.
- An added advantage for Tier 2 AEOs is that their exports to certain countries are accorded facilitation by the foreign Customs administration with whom India enters into a Mutual Recognition Agreement/Arrangement.

This is for your kind information.

Yours sincerely,

Dr. L. B. Singhal,

Secretary General,

AEPC