



# Welcome to Session 3 of the SAIT CPD Webinar – 22 June 2023



**The benefits of being an Authorised  
Economic Operator (AEO), and how to  
unlock the application roadmap & benefits**

***YOUR KEY TO THE TAX & CUSTOMS COMMUNITY***



# YOUR HOST & GUEST TODAY



## **MR MARK GOODGER (LLM) (Anchor)**

**Managing Director at GMLS**

- LLM Maritime Law (University of KwaZulu-Natal)

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**Email:** [mark@gmls.co.za](mailto:mark@gmls.co.za)



## **MS RAE VIVIER (Guest Speaker)**

**Head of SARS AEO Programme & Vice WCO Customs Co-Chair SAFE Framework of Standards Working Group**

- Rae holds a Master's Degree from the University of Canberra, Australia.

Rae's current portfolio includes Customs Accreditation, and she is currently spearheading the South African Revenue Service's (SARS) Authorised Economic Operator (AEO) Programme with specific focus on developing a Single Regional AEO Programme in the South African Customs Union (SACU), a Single Government AEO Programme and, more recently, AEO opportunities within the African Continental Free Trade Area (AFCFTA) that brings together 54 African countries with a combined population of more than one billion people and a combined gross domestic product of more than US \$3.4 trillion. She is an accomplished leader experienced in large business operations in more than 30 localities. She is passionate about trade facilitation and building a tax and customs system based on voluntary compliance. Rae is skilled in maintaining positive relations with stakeholders and working with and through them to build the customs ecosystem. She is committed to excellence and making a difference.



## **MS PENNY BOLOGO (Guest Speaker) - Executive AEO Accreditation**

- BA Social Sciences (University of Zululand) obtained in 1997;
- Diploma in International Customs Law and Administration (University Of Canberra, Australia) obtained in 2010;
- Masters of International Customs Law and Administration (University Of Canberra, Australia) obtained in 2012;
- Masters of Business Leadership (MBL) obtained in 2019 from University of South Africa (UNISA) at Graduate School of Business Leadership (SBL).

Penny has a vast experience in management and leadership that spans to a period of 20 years. She joined South African Revenue Service (SARS) Customs & Excise where she started her SARS career from the bottom level in Customs being a Customs Inspector at the Durban International Airport in 2002, so she's gone through the ranks in Customs and Excise division to date. Penny successfully implemented the AEO Programme in South Africa in May 2017 with only 28 traders coffered AEO, to date the Programme have 165 traders accredited AEO. The programme has a resounding 86% satisfaction rate from trade.

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- 7 CPD Questions

# Legislative Changes: *Tariff Changes: Liquor Wort*

Due date for comments	Legislation Category	Description	Send comments to
23 June 2023	Customs and Excise Act, 1964	<p><b>Draft Schedule Amendment</b></p> <p><u><a href="#">Draft amendment to Part 1 of Schedule No. 1</a></u> – Substitution of Additional Note 6(a) to Chapter 22</p> <p>Comments to be recorded on the <u><a href="#">Customs &amp; Excise Tariff Amendments Comment Sheet</a></u>.</p> <p><b>Explanatory Note</b> Chapter 22 in Part 1 of Schedule No. 1 is being amended by the substitution of Additional Note 6(a), in order to amend the definition of products classifiable in tariff subheading 2206.00.19 as limited to other fermented beverages that are manufactured from a liquor (wort) of non-malted milled cereals listed in the table in Chapter Note 2 to Chapter 11, provided the fermentable sugars are derived solely from the liquor (wort) without the addition of any other sugars during or prior to fermentation.</p> <p>Date published: 2 June 2023</p>	<p><u><a href="mailto:technicaltariff@sars.gov.za">technicaltariff@sars.gov.za</a></u></p> <div> <ul style="list-style-type: none"> <li>• The draft document for Public comment refers to tariff subheading 2206.00.19 and “liquor wort”, that is a mixture that is used in the process of making beer.</li> <li>• This change to tariff subheading 2206.00.19 refers to non-malted cereal grains, for example corn, rice, wheat and oats.</li> <li>• Non-malted milled cereals are listed in Chapter Note 2 to Chapter 11.</li> </ul> </div>



# Legislative Changes (continued): *Tariff Changes: Liquor Wort*

- Non-malted milled cereals are listed in Chapter Note 2 to Chapter 11.

2.

- (A) Products from the milling of the cereals listed in the table below fall in this Chapter if they have, by mass on the dry product:
- (a) a starch content (determined by the modified Ewers polarimetric method) exceeding that indicated in Column (2); and
  - (b) an ash content (after deduction of any added minerals) not exceeding that indicated in Column (3).
- Otherwise, they fall in heading 23.02. However, germ of cereals, whole, rolled, flaked or ground, is always classified in heading 11.04.
- (B) Products falling in this Chapter under the above provisions shall be classified in heading 11.01 or 11.02 if the percentage passing through a woven metal wire cloth sieve with the aperture indicated in Column (4) or (5) is not less, by mass, than that shown against the cereal concerned.

Otherwise they fall in heading 11.03 or 11.04.

Cereal	Starch content	Ash content	Rate of passage through a sieve with an aperture of 315 micrometers (microns)	Rate of passage through a sieve with an aperture of 500 micrometers (microns)
(1)	(2)	(3)	(4)	(5)
Wheat and rye	45%	2,5%	80%	-
Barley	45%	3%	80%	-
Oats	45%	5%	80%	-
Maize (corn) and grain sorghum	45%	2%	-	90%
Rice	45%	1,6%	80%	-
Buckwheat	45%	4%	80%	-

# SARS / Customs Global News

## *Advance Rulings*

Date	Theme	Points of Interest
24 May 2023	Eswatini Revenue Service launches an electronic Advance Ruling Tool	<ul style="list-style-type: none"><li>• As part of the country's trade facilitation and capacity building plans, the electronic Advance Ruling Tool (e-ART) was launched in partnership with the WCO.</li><li>• It aims to provide binding Customs decisions on classification and origin of commodities prior to their entry to or exit from the country.</li><li>• The introduction of this tool will fulfil Eswatini's efforts in aligning to the requirements under the WTO Trade Facilitation Agreement (TFA), the African Continental Free Trade Agreement (AfCFTA) as well as the best practices enriched in the WCO recommendation on the introduction of programmes for binding pre-entry classification information (1996).</li><li>• The e-ART tool will be used by the traders to electronically submit requests for advance rulings, and ERS Customs' officers will review, assess, deliver and publish the advance rulings. The introduction of the e-ART tool will enhance predictability, prevent delays and uncertainty, and help traders make informed business decisions based on legally binding rulings.</li></ul>

# SARS / Customs Global News

## *Rules of Origin*

Date	Theme	Points of Interest
5 June 2023	WCO Eastern and Southern Africa Region is set to tackle Rules of Origin (RoO) challenges under the WCO-RoO Africa Programme	<ul style="list-style-type: none"><li>• The objective of the consultations was to discuss the state of play for the implementation of applicable preferential RoO and trade agreements in the region, that is for the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA) and their members.</li><li>• The objective was also to address challenges in the implementation of RoO in the region.</li><li>• During the technical workshop, participants worked on key concepts for proper origin determination, related operational and procedural issues, including origin certification and origin irregularities, as well as the establishment of efficient origin management.</li><li>• In addition, participants discussed specific areas of concern, including the low level of knowledge and use of the FTAs and challenges linked to verification of origin including through administrative cooperation.</li><li>• They also discussed recommendations for better management and implementation of RoO on a national and regional level.</li></ul>

# SARS / Customs Global News

## *Rules of Origin*

Date	Theme	Points of Interest
8-11 May 2023	The WCO supports Namibia Revenue Authority (NamRA) with capacity building on Authorized Economic Operators (AEO)	<ul style="list-style-type: none"><li>• The objective is to support NamRA with the expansion of its current Preferred Trader Programme, which is similar to an Authorized Economic Operator (AEO) Compliance Programme, to other economic operators in the international supply chain beyond importers and exporters.</li><li>• Moreover, as per its Annual Performance Plan, NamRA aims to establish a full AEO Programme in line with the WCO SAFE Framework on Standards, which would also require safety and security criteria to be adhered to.</li><li>• The Namibian initiative is noteworthy also in a regional context considering that Southern African Customs Union (SACU) has recently signed a Mutual Recognition Agreement to recognize AEOs across the region.</li><li>• The discussions also confirmed that “benefits” are key to successful AEO programmes as a partnership between the private sector and Customs.</li><li>• The discussions also focused on possible additional benefits for the Preferred Trader and the future AEO Programme respectively, as well as an outreach and communication plan.</li></ul>



# AfCFTA News:

*Partnership with the United Bank for Africa Plc.*



AU MEMBER STATES HAVE  
SIGNED THE AfCFTA  
AGREEMENT AS OF JUNE 2023



THE AfCFTA HAS 46 STATE  
PARTIES AS OF JUNE 2023



30 M

PEOPLE WILL POTENTIALLY BE  
LIFTED OUT OF EXTREME  
POVERTY



\$ 450 B

INCOME BOOST IN AFRICA BY  
2035: A 7% GAIN

Date	Theme	Points of Interest
19 June 2023	Historic Partnership Set to Catalyze SME Growth Across Africa	<ul style="list-style-type: none"><li>• The AfCFTA Secretariat has partnered with one of the leading continental banks, United Bank for Africa Plc. (UBA).</li><li>• This collaboration aims to provide much-needed funding to Small and Medium Enterprises (SMEs) in four crucial sectors: Agro-processing, Automotive, Pharmaceuticals, and Transport and Logistics.</li><li>• It’s an important milestone toward achieving AfCFTA’s goal of creating a single market of 1.3 billion people and it also aligns with the African Union’s objective under the theme of “Accelerating AfCFTA Implementation”.</li></ul>

# AfCFTA News:

## SACU - AfCFTA Workshop



**54**

AU MEMBER STATES HAVE  
SIGNED THE AfCFTA  
AGREEMENT AS OF JUNE 2023



**46**

THE AfCFTA HAS 46 STATE  
PARTIES AS OF JUNE 2023



**30 M**

PEOPLE WILL POTENTIALLY BE  
LIFTED OUT OF EXTREME  
POVERTY



**\$ 450 B**

INCOME BOOST IN AFRICA BY  
2035: A 7% GAIN

Date	Theme	Points of Interest
1-2 June 2023	The Southern African Customs Union (SACU) workshop on the AfCFTA and Emerging Market Opportunities	<ul style="list-style-type: none"><li>• The SACU Secretariat in collaboration with the AfCFTA Secretariat and the United Nations Development Plan (UNDP) and through its Regional Bureau for Africa - held a regional dialogue on emerging market opportunities.</li><li>• The objectives of the workshop was to consider the implementation of the AfCFTA and the business opportunities it presents.</li><li>• The discussions highlighted key trade and investment opportunities on the continent, and showcased the available financing facilities and instruments available to support the implementation of the Agreement</li></ul>

# SARS Letter to Trade



# SAIT Updates

b)





## Forthcoming Attractions: CPD Event Topics to look forward to in 2023...

<b>July</b>	<b>Customs penalties and dispute resolution: Practical tips and tricks</b>	
<b>August</b>	Common pitfalls in International Contracts of Sale and delivery terms for best trade practice	
<b>September</b>	SARS eFiling specifically for Customs traders: What you should know to operate effectively	
<b>October</b>	The African Continental Free Trade Agreement AfCFTA: The Rules of Origin and updated application thereof	
<b>November</b>	WCO e-learning topics: The technical essentials for Custom legal compliance (and how to secure WCO e-learning access)	

# SAIT CUSTOMS AND EXCISE UPDATE

Updated on 8 February 2023 - This document is compiled based on a rolling 4-weeks.

## Useful Links

- ITAC: <http://www.itac.org.za/>
- SARS: <https://www.sars.gov.za/customs-and-excise/>
- National Treasury: <http://www.treasury.gov.za/>
- DTIC: <http://www.thedtic.gov.za/>
- DALRRD: <https://www.dalrrd.gov.za/>
- SAAFF: <https://www.saaff.org.za/>
- SAEPA: <https://www.saepa.org.za/>
- XA International Traders: <https://xa.co.za/>
- Tralac: <https://www.tralac.org>

**Today's CPD Webinar Topic:**

# **The benefits of being an Authorised Economic Operator (AEO), and how to unlock the application roadmap & benefits**

# AUTHORISED ECONOMIC OPERATOR

## SAIT - Tax Practice: On The Move - World Of Customs 3 Of 8



Date: 22 June 2023



# Objectives of the WCO SAFE Framework

Enhance the security and facilitation of international trade

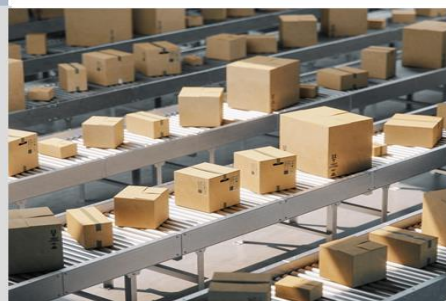
Promote Certainty & Predictability at a global level

Enable integrated supply chain management for all transport modes

Strengthen C2OGA cooperation



Strengthen C2C cooperation



Promote seamless movement of goods

Strengthen C2B cooperation

# Elements of the WCO SAFE Framework

5 Core Elements to enable integrated & harmonized supply chain management

				
Advance Electronic Cargo Information	Risk Management	Outbound Inspection	Business Partnerships	Collaboration with OGAs
Harmonized advance electronic cargo information requirements	Consistent risk management approach to address security threats	Outbound inspection of high-risk consignments Preferable use of non-intrusive detection equipment	Benefits provided to businesses that meet minimal supply chain security standards & best practices	Cooperation with other governmental agencies in order to keep societies safe & secure while facilitating the movement of goods



# Pillars of the WCO SAFE Framework

3 Pillars that strengthen co-operation & promote the seamless movement of goods through secure international trade supply chains



Customs-to-Customs  
Network Arrangements

11 Standards



Customs-to-Business  
Partnerships

6 Standards

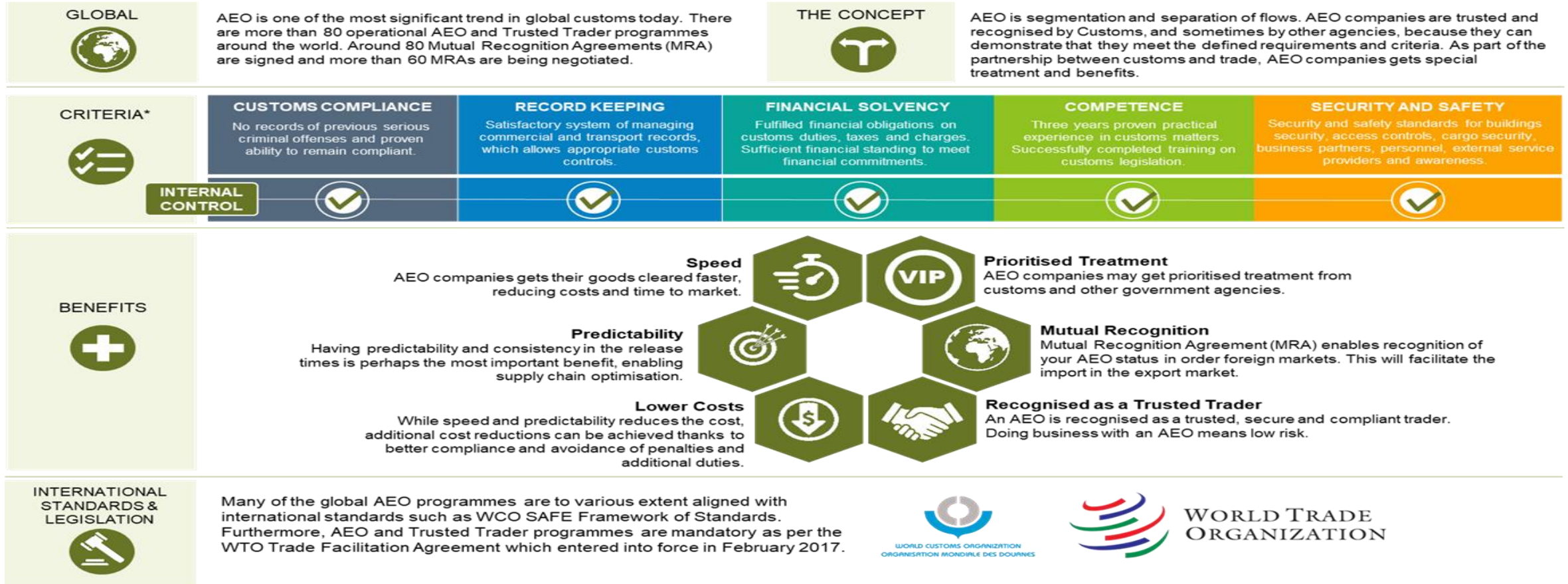


Customs-to-other  
Government  
Agencies Co-operation

12 Standards

# High Level Overview of AEO

## Aligned to WCO SAFE FoS



\*Criteria may differ in different programmes



# SARS Strategic Objectives

Provide clarity & certainty for taxpayers and traders of their obligations



Make it easy for taxpayers & traders to comply with their obligations

Detect taxpayers & traders who do not comply, & make noncompliance hard and costly

Develop a high performing, diverse, agile, engaged & evolved workforce

Increase & expand the use of data within a comprehensive knowledge management framework to ensure integrity, derive insight & improve outcomes

Modernise our systems to provide digital & streamlined online services

Demonstrate effective resource stewardship to ensure efficiency & effectiveness in delivering quality outcomes & performance excellence

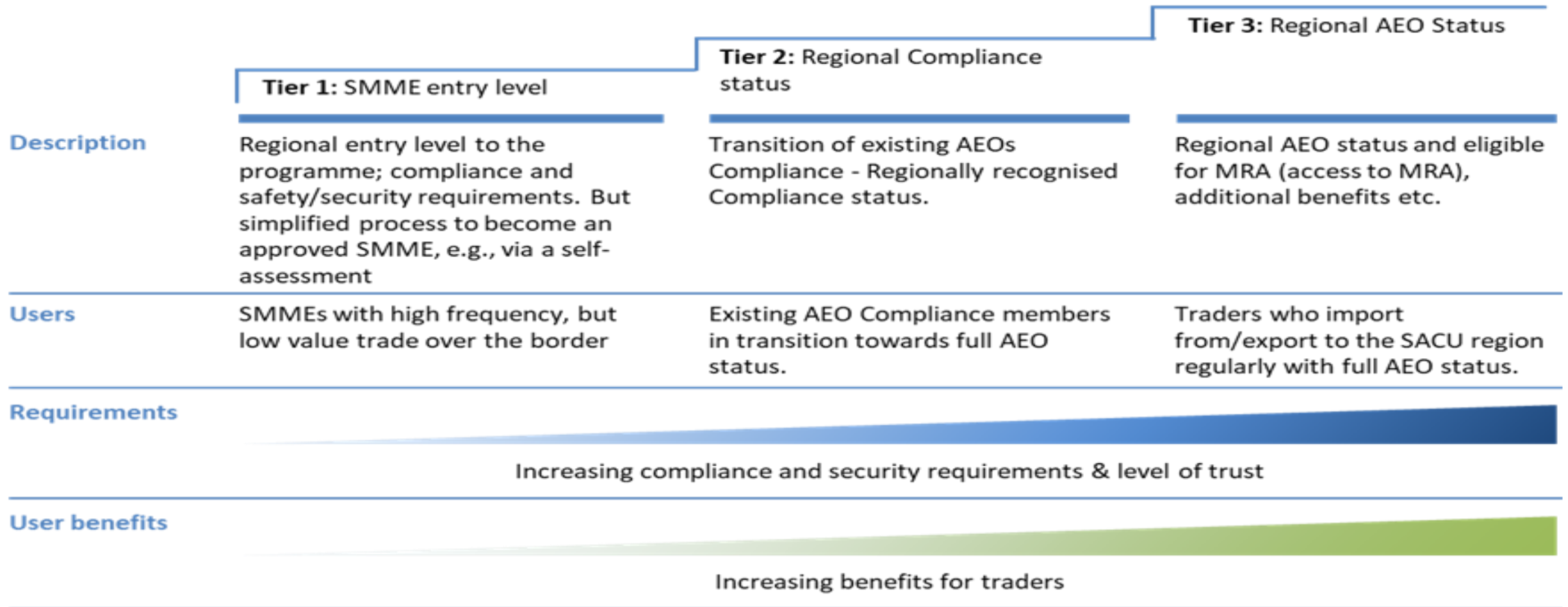
Work with & through stakeholders to improve the tax ecosystem



Build public trust & confidence in the tax administration system

# SACU AEO Model

Increased compliance & supply chain security = increased benefits for traders





*Thank you  
Re a leboha  
Re a leboga  
Ndza Khensa  
Dankie  
Ndi a livhuwa  
Ngiyabonga  
Enkosi  
Ngiyathokoza*



# Authorised Economic Operator Programme South Africa





# Introduction



## Background

SARS launched a domestic accreditation programme, which is aligned to the compliance requirements of an Authorised Economic Operator Programme.

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## Pilot 2009 – 2016

The programme was piloted between 2009 and 2016. It was known as the Preferred Trader (PT) and legislated under level 2 accreditation

Name conversion in 2020/2021 to AEO programme



## Program eligibility

Programme was Launched in May 2017 with only 28 Accredited Traders. The AEO- Compliance programme is available to registered importers and exporters. The program is now open to all role players within the supply chain (AEO- Safety & Security programme – piloted in 2019)

## Certified AEO's in South Africa

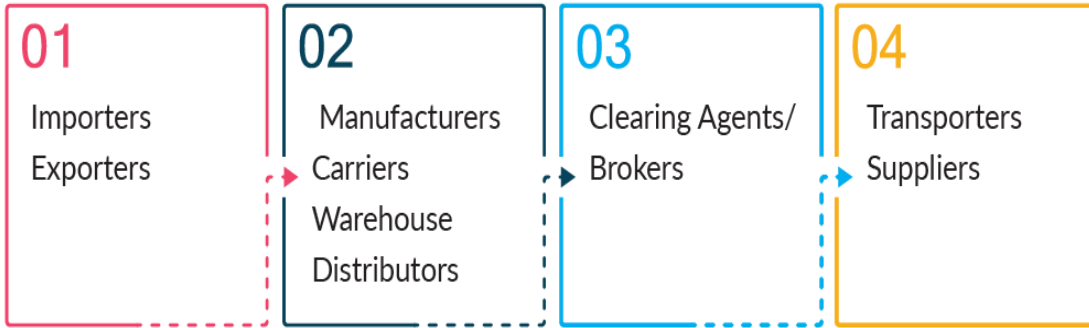
To date there are:

162 AEO-C Clients

7 AEO-S Clients

**Total of 169 Clients formally certified as AEO'S**

# Criteria & Benefits



\*This excludes a foreign entity registered or licensed in terms of the Customs and Excise Act No. 91 of 1964



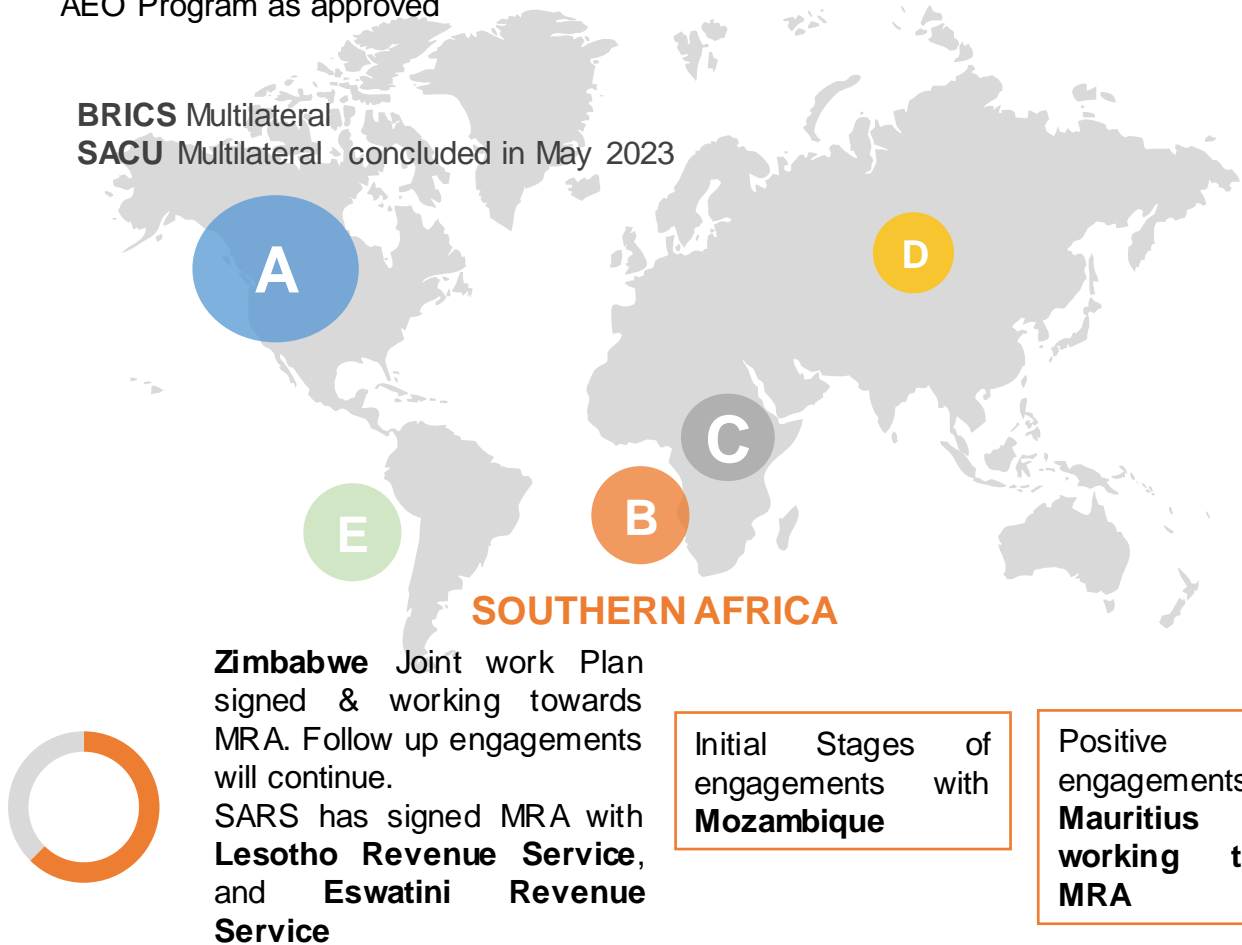
## AEO Benefits



# Mutual Recognition Arrangements

Update on MRA between SARS At the Regional level: SARS continues to monitor and implement all activities indicated in the Annual Work Plan for implementation of the Regional AEO Program as approved

BRICS Multilateral  
SACU Multilateral concluded in May 2023



## NORTH AMERICA

Engagement with the **USA** – comparison of their CT-PAT programme with our AEO Safety & security



## SOUTH AMERICA

MRA discussion between SARS and **Brazil** took place during February 2023

## ASIA

**India** has also been engaged



Have exchanged information with **South Korea**

Recently engagement **Saudi Arabia**

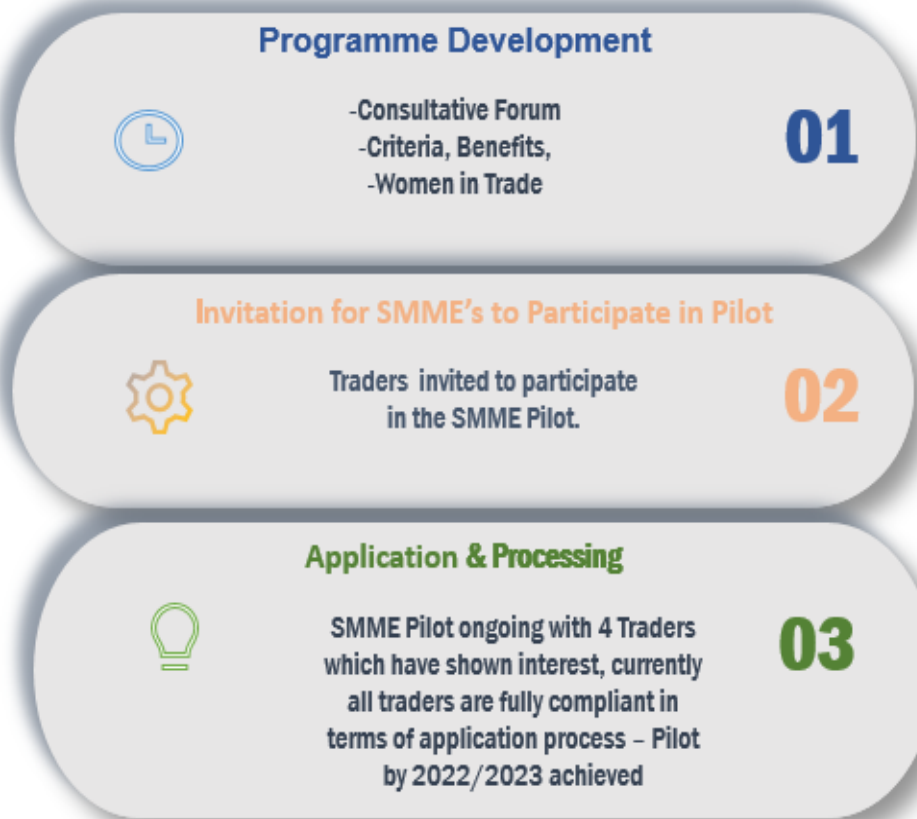
## AFRICA

**Uganda Revenue Authority MRA** has been signed.

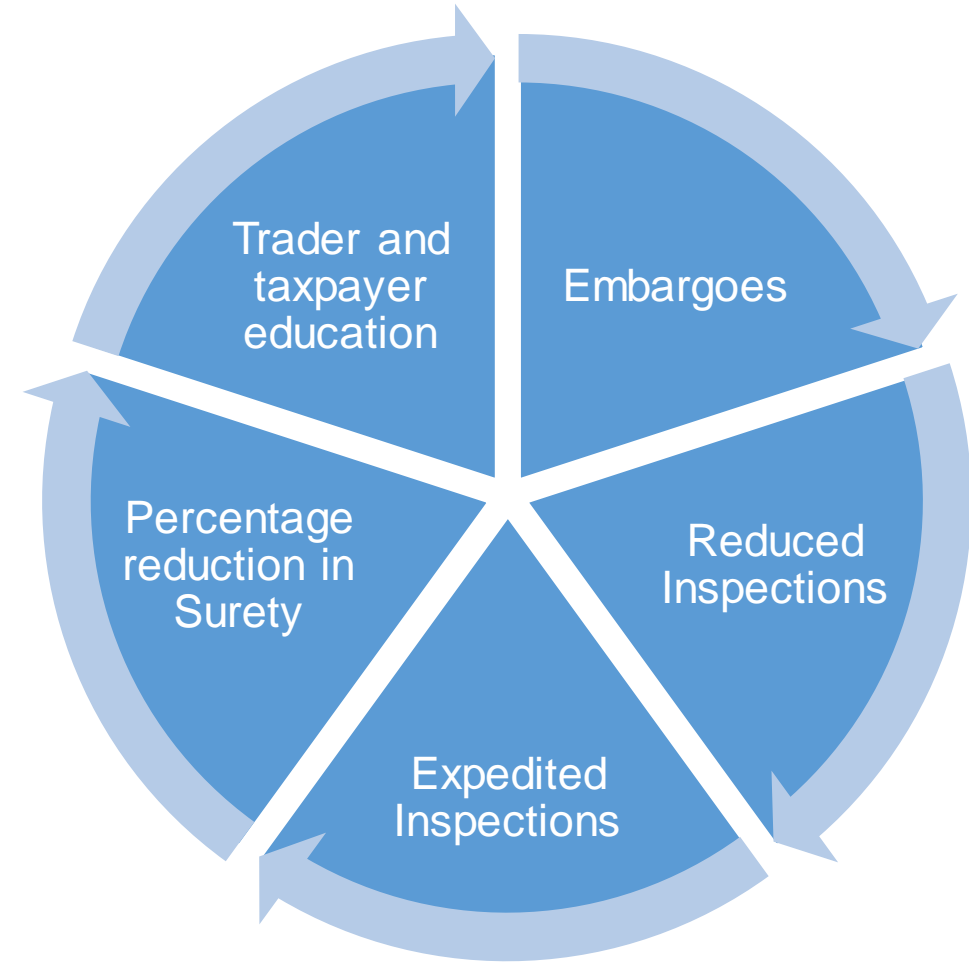


Follow up engagements will be arranged **Zambia, Kenya** has also been engaged , JWP not signed as yet.

# SMME Programme



## Proposed Benefits





# eCommerce AEO Programme

## Criteria

- Concluded Foreign partner's commercial agreement
- Risk Management and access to advance electronic information
- 1 year of use of e-commerce platforms

## Validation considerations

- All-inclusive pricing - currency
- Simplified valuation and classification process
- Reliable logistics/collection and release time
- - To protect security and consumer

## Proposed Benefits

- Use of the AEO Programme logo
- Lower controls on small consignments
- Published in the SARS website as AEO e-Commerce agent/forwarders/vendors
- Partake in pilots on matters relevant to e-commerce
- Add possible Deferment Account? Option already available? Qualify

Alignment to National e-commerce legislation





# Survey Results

100%

90%

80%

70%

60%

50%

40%

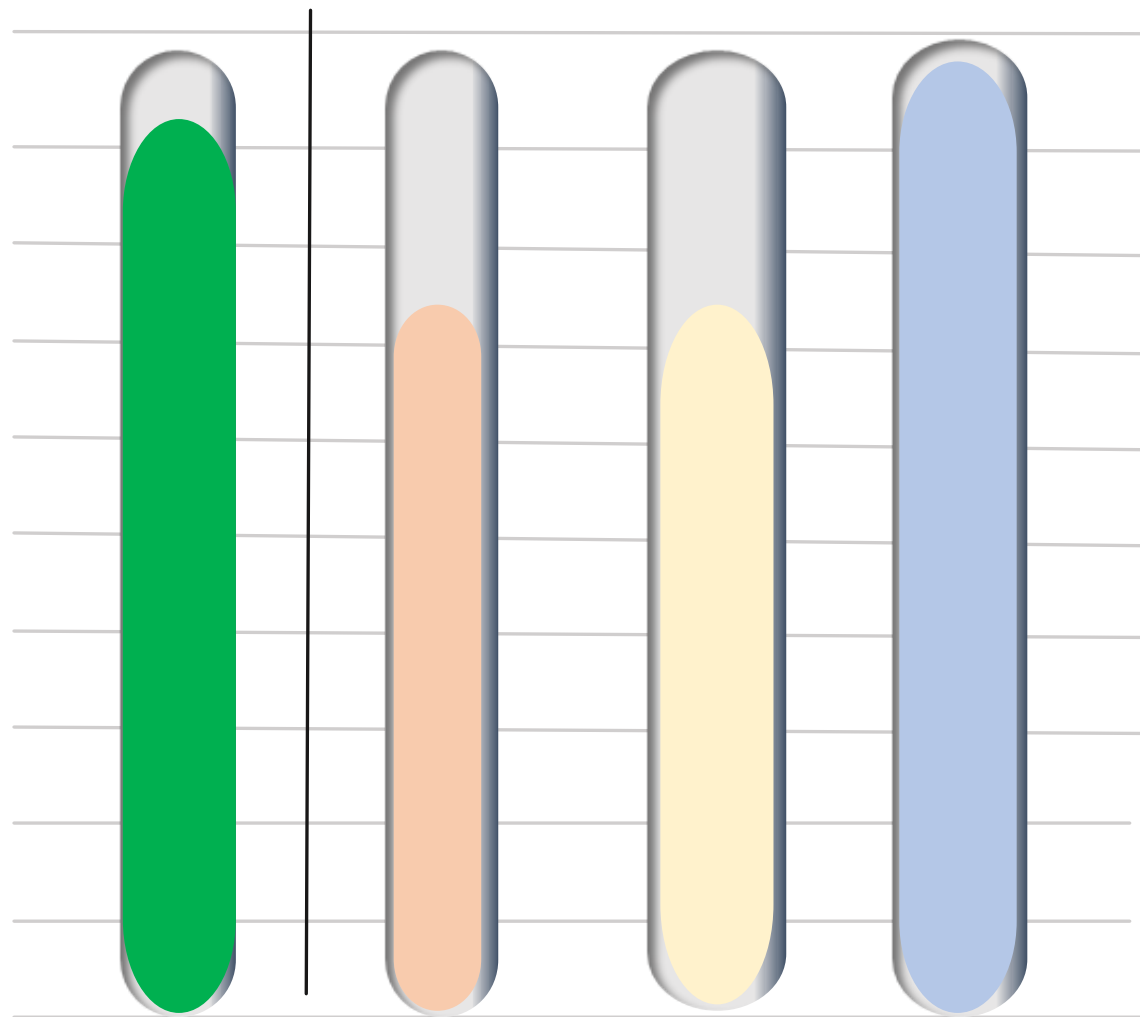
30%

20%

10%

0%

Overall survey results at 90%.



90%

62%

62%

94%

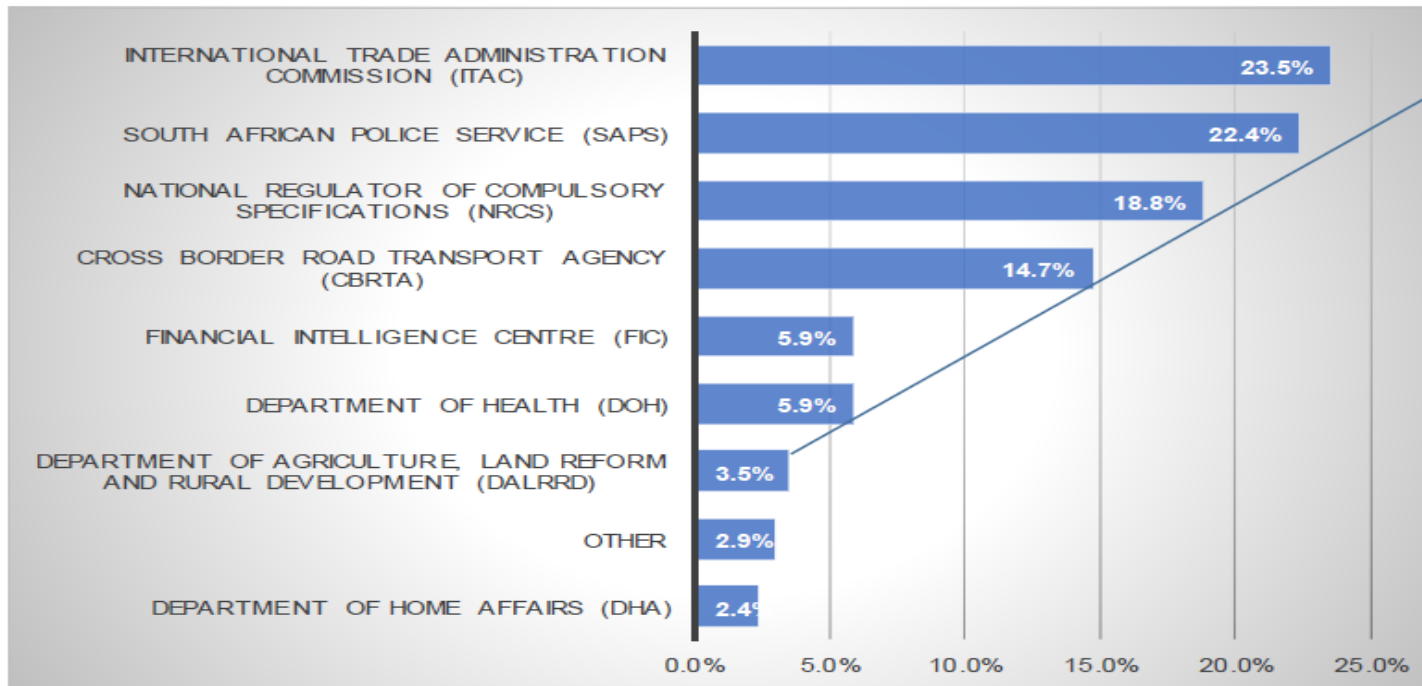
**62%** of respondents agree that there's a decrease on the number of stops for physical and documentary inspection. This shows a positivity on SAPS stops and turnaround time, according to the respondents

**62%** suggest that the CRM understands their Company and its specific requirements. This could suggest that the alignment to sectors which is planned for the near future remains relevant.

The participants are impressed with the CRMs (their quick and clear responses, their professional and courteous conduct, and their assistance in other areas like stops) was rated at **94%**.

- ✓ **90% satisfaction rate**
- ✓ **R30 000 savings per physical intervention**
- ✓ **0.02% selection rate**

Please indicate if your company would benefit from a Memorandum of Understanding from the following Government Entities pertaining to a Single Government AEO Programme



- Department of Communication, NCAC, DCAC
- ICASA
- Intelligence department
- Transnet

The majority of companies feel they would benefit from the Memorandum of Understanding from the following entities, ITAC at 23.5%, SAPS at 22.4%, NRCS at 14.7% and CBRTA at 14.7%.

# SG-AEO Road Map



# SARS/CBRTA Interagency AEO

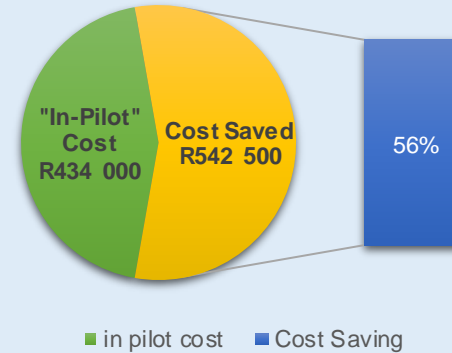
## Pre-Border Green Lane channeling on route for AEO/OCAS Clients



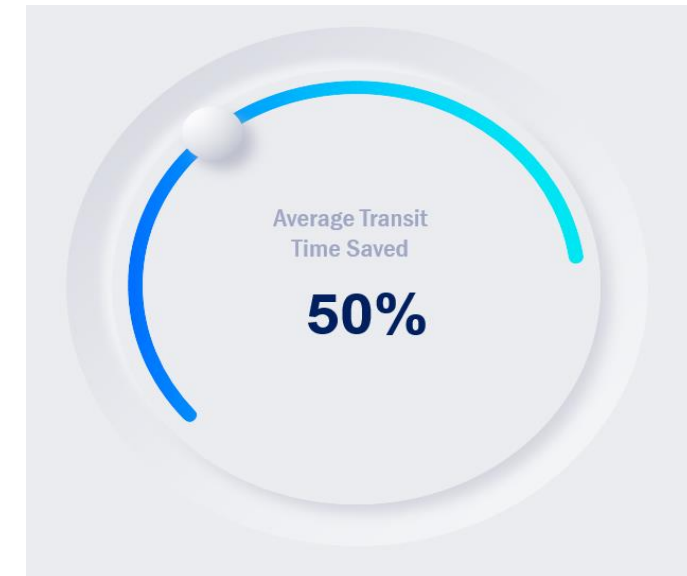
Green Lane access at the Border or control area for AEO/OCAS Clients

## Time Release & Pilot Results

### Estimated Trade Cost Saving



### Average transit time saved





# FY 2022/23 Progress



## AEO Enrollment

**169** AEOs

10% increase in AEO Trade Volume Contribution  
97% less customs interventions for AEO's  
MRAs with Lesotho, Uganda & ESwatini

**Multilateral SACU MRA**



## AEO Programme Enhancement

SMME AEO ready for pilot  
Cross Border eCommerce AEO under development  
Interagency AEO with NRCS in development & programme with CBRTA piloted  
Draft MRA for SACU AEO ready for signing  
*"The AEO Advantage"* Media Campaign launched  
SADC Regional AEO Framework under development

# Accreditation Priorities FY 2023/24

Expand the AEO Programme to include additional segments of the trade supply-chain

Interagency  
AEO  
Programme



Automated compliance  
monitoring detection &  
selection methodology

SMME  
AEO  
Programme



Service  
offerings made  
available  
digitally

SARS/PS  
AEO  
Group

Cross Border  
eCommerce  
AEO  
Programme



Regional  
AEO  
Programme  
with SACU  
& SADC

BRICS  
MRA

Mutual  
Recognition  
Arrangements  
with trading  
partners

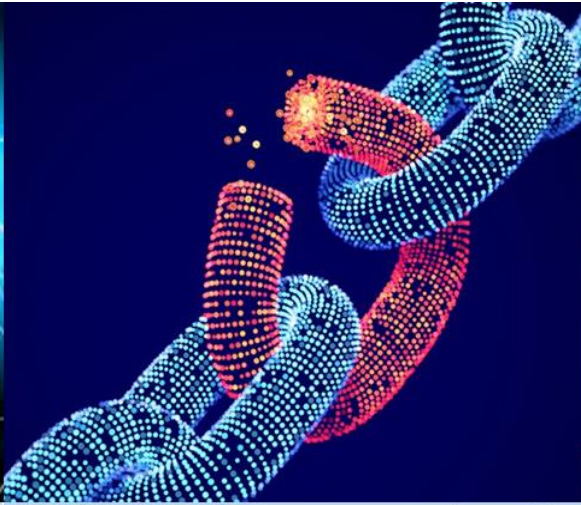


# Critical Success Factors



## Trade Facilitating Measures

Expedite border clearance  
"Green lanes" for fast clearance  
Enhanced use of pre-arrival processing methods



## Enhanced Co-operation & Co-ordination

Between border agencies to streamline processes  
With & amongst the Private Sector to ensure improved supply chain transparency



## Eliminate Duplication In Controls

High number of standards & regulations that result in more controls at the border  
Focus border interventions on high-risk commodities & reduce border interventions on low-risk



## Beyond The Border Controls

Reasonable random audit procedures & electronic/virtual controls  
Coordinated domestic border release processes



*Thank you  
Re a leboha  
Re a leboga  
Ndza Khensa  
Dankie  
Ndi a livhuwa  
Ngiyabonga  
Enkosi  
Ngiyathokoza*



A photograph of three business professionals in a meeting. A woman with blonde hair is on the left, a man with dark hair is in the center, and a woman with dark hair is on the right. They are all dressed in business attire. The background is a blurred office setting with bookshelves. A large, semi-transparent yellow circle is on the right side of the image.

# Thank you for Participating