



**TAX
UPDATE**

New Procedures for Authorized Economic Operators in Myanmar

27-Jan-2025

Key takeaways

- The Ministry of Planning and Finance (“**MOPF**”) has recently issued Notification 89/2024 (“**Notification 89**”), updating the procedures for the Authorized Economic Operator (“**AEO**”) program in Myanmar. This notification repeals the earlier Notification 21/2018 on AEOs and became effective on 27 December 2024.
- Notification 89 introduced a two-tier AEO system with specific requirements and benefits for each level.
- AEO Level 1 represents the initial AEO recognition. AEO Level 1 companies will be entitled to customs benefits such as prioritized customs processing, advance declarations, and a one-month tax deferral, among others.
- AEO Level 2 applies to companies already certified under AEO Level 1 that aim to achieve higher certification by adopting stricter compliance measures. AEO Level 2 companies will be entitled to the AEO Level 1 benefits along with additional privileges. This includes having dedicated fast-track channels and access to Mutual Recognition Agreements. These Agreements facilitate faster customs clearance and fewer inspections in partner countries, promoting global trade and strengthening supply chain security.
- An AEO certificate is valid for three years and can be renewed prior to its expiry.

What is an AEO?

An AEO refers to a company certified by customs authorities for adhering to security, compliance, and trade facilitation standards. The AEO Program aims to facilitate trade and promote the security and safety of the global supply chain in line with the World Customs Organization's SAFE Framework of Standards. Currently, more than 130 countries have already implemented this AEO program, including Myanmar.

Since the program's launch in 2018, the Myanmar Customs Department (“**Customs Department**”) has certified companies and traders who have demonstrated a high level of compliance and met all criteria and requirements as per existing laws and regulations.

This certification, which is valid for three years, applies to companies that hold exporter or importer registration certificates issued by the Ministry of Commerce. Initially, the program targets importers and exporters. However, the Customs Department plans to expand it to include manufacturers, warehouse operators, customs brokers, and freight forwarders.

A company recognized as an AEO is entitled to several benefits, including prioritized processing of customs declarations, the ability to submit advance declarations, access to the Green Channel (except in cases of potential risk), priority inspections, and a one-month tax deferral, among other benefits.



What has changed?

Before the issuance of Notification 89, the applicable rules and guidelines for AEO operators are provided in Notification 21/2018 dated 30 March 2018. Under the previous approach, only one type of AEO status is provided to qualified companies (i.e., AEO Level 1).

However, with the issuance of Notification 89 on 27 December 2024, the AEO is now classified into a two-tier system, with specific requirements and benefits for each type of AEO level.

AEO Level 1

AEO Level 1 represents the initial certification stage for companies to qualify and access AEO benefits. This level is similar to the previous Notification 21/2018 but incorporates new requirements and enhanced benefits.

a. Criteria to apply for AEO Level 1 certification

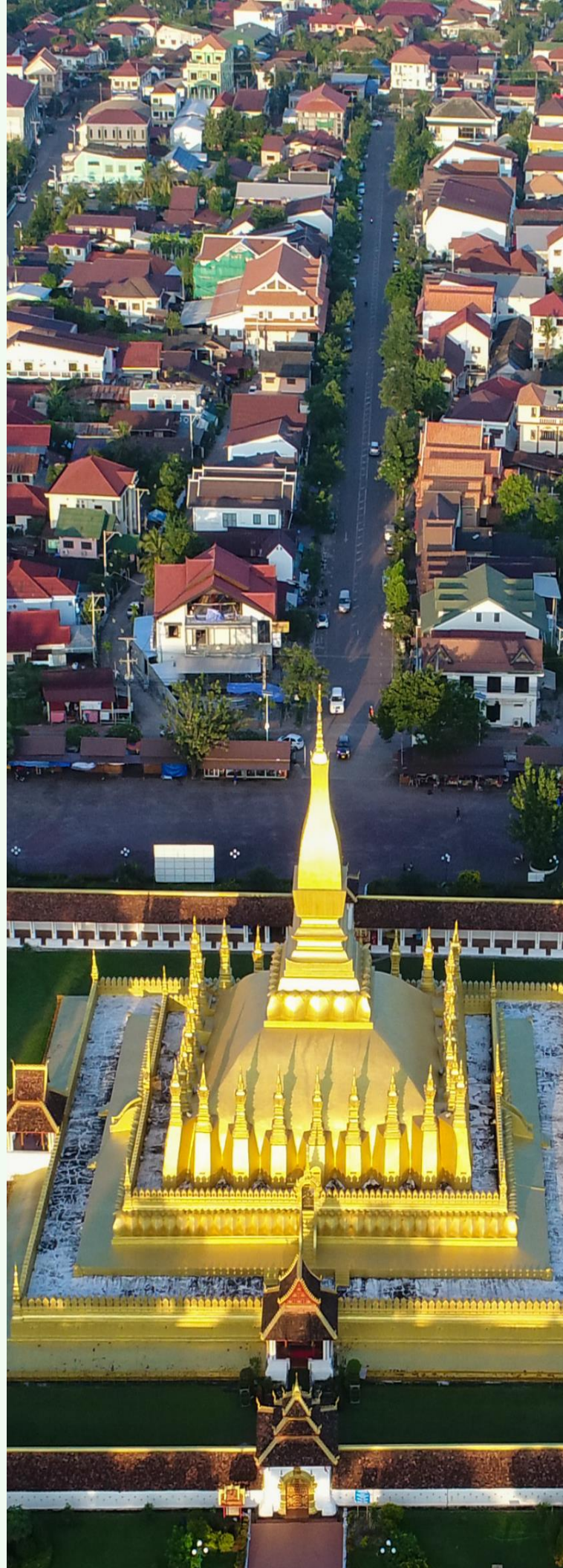
Companies applying for AEO Level 1 certification must meet the following requirements.

- 1) The company must be registered and compliant with the requirements under the Myanmar Companies Law.
- 2) The company must be compliant with the conditions set by relevant authorities regarding business operation licenses or permits.
- 3) The company must have been incorporated for a minimum of three years and must have submitted at least 50 customs declarations or engaged in trade valued at a minimum of USD 5 million within a financial year at the time of application. **(updated requirement)**
- 4) The company must comply with all existing customs laws, rules, regulations, notifications, orders, directives, and procedures.
- 5) The company must have an audited and published financial statements for each year since its incorporation.
- 6) The company must demonstrate strong financial indicators reflecting its stability and long-term viability.
- 7) The company must have effective systems in place for managing trade information, economic records, financial matters, operational processes, and business activities.
- 8) The company must be able to maintain financial information and trade documents related to its operations for up to seven years.

- 9) The company must have fulfilled all obligations to pay customs duties and other taxes liable to the States in full and on time.
- 10) Within three years prior to the application, the company must not have been blacklisted, no records of fraud, or must not have been subjected to penalties under customs-related legislation.
- 11) The company must cooperate with customs authorities for inspections whenever required.
- 12) The company must designate a person or team proficient in customs laws, procedures, and business management or standard procedures to facilitate communication and exchange of information with customs authorities. **(new requirement)**

b. Benefits under AEO Level 1

- 1) Priority processing and expedited customs declaration classification and handling.
- 2) Exemptions from inspections except for cases related to illegal import/export activities.
- 3) Priority handling of tax refunds and customs-related applications, including the import under drawback system. **(updated benefit)**
- 4) Entitlement to one month deferred duty and tax payment, subject to approval and a guarantee.
- 5) Priority for training, seminars, and awareness sessions organized by Customs Department. **(new benefit)**
- 6) AEO recognition certificate and the right to use the AEO logo.
- 7) Access to a dedicated customs officer or team for import/export challenges.
- 8) Listing as a AEO Level 1 on the Customs Department website. **(new benefit)**



AEO Level 2

This is the new classification introduced under Notification 89. AEO Level 2 applies to companies already certified under AEO Level 1 for at least six months that aim to achieve higher certification by adopting stricter compliance measures.

a. Criteria to apply for AEO Level 2 certification

- 1) The company must have held the AEO Level 1 certificate for at least six months.
- 2) The company must prepare and implement security policies or standard operating procedures to ensure that business-related information, technology, records, computer systems, and backup systems are secure and inaccessible to unauthorized individuals.
- 3) The company must develop and implement plans or standard procedures, including prevention of loss or errors during screening, receiving, storing, safeguarding, producing, quality inspection, packing, loading and unloading, and sealing of packages for security.
- 4) Regarding the transportation of goods, the company must prepare and execute security policies or standards, including verifying the durability and security of transport vehicles, installing and monitoring tracking systems on transport routes, and reporting suspicious incidents during transport to relevant authorities.
- 5) The company must draft and enforce security measures, including assigning security personnel to building and facility entrances/exits, maintaining entry/exit records, restricting unauthorized access, and securing areas for storage, loading, and unloading with robust structures, and installing CCTV or automated alert systems.
- 6) The company must establish and enforce plans or procedures, such as recruitment, termination, suspension, task delegation, and ensuring security and discipline among employees in the workplace.

- 7) The company must prepare and implement plans or procedures by documenting, selecting, and monitoring business partners who emphasize international trade supply chain security.
- 8) The company must train employees regularly and raise awareness about recovery from natural disasters or unforeseen circumstances that cause losses, including reporting incidents to relevant authorities, obtaining insurance coverage, and preparing emergency and recovery plans.
- 9) The company must periodically review, document, and manage developments related to international trade supply chain security to enhance progress.
- 10) The company must provide training to employees to ensure they comply with implemented plans or standard procedures, monitor and correct errors, and maintain records of these actions to ensure consistent improvement and adherence.

b. Benefits under AEO Level 2

Companies with AEO Level 2 certification are entitled to the same benefits under AEO Level 1, with the following additional privileges:

- 1) Access to customs services beyond regular working hours.
- 2) Exclusive channels for quicker processing in customs-controlled areas.
- 3) Customs procedures conducted at approved premises.
- 4) Expedited issuance of advance rulings on valuation, classification, or origin issued within one week of complete documentation submission.
- 5) Inclusion in Mutual Recognition Arrangements (“**MRAs**”) for reciprocal recognition with partner countries.
- 6) Access to AEO-related benefits for exports in countries recognizing the AEO certification.

7) Listing as a AEO Level 2 on the Customs Department website.

A major advantage of AEO Level 2 certification is access to MRAs. These agreements allow certified companies to enjoy faster customs clearance and fewer inspections in partner countries, significantly reducing time and costs. MRAs also promote global trade facilitation, enhance supply chain security, and improve efficiency by promoting trust and cooperation among customs administrations globally.

Process of Issuance of AEO Certificate

Companies applying for an AEO certification must comply with the following procedures:

- The applicant must submit the prescribed application form to the Post Clearance Audit and Trade Related Procedures Division of the Customs Department through email.
- The applicant must submit AEO Assessment Questionnaire to be verified for the compliance with the criteria outlined in Notification 89.
- The applicant must accommodate the Customs Department for an on-site inspection.
- The applicant must secure a certificate of AEO recognition at the appropriate level.

The certificate of recognition will be valid for three years from the date of issuance. A company whose application has been denied can re-apply after six months, as long as they comply with the criteria specified in Notification 89.

Renewal of Certification

AEOs may apply for certification renewal up to six months before expiry by submitting the required form and documents to the Customs Department. Renewals will be approved only if the company is compliant with Notification standards as confirmed through monitoring and evaluation. The evaluation of AEOs' compliance will be based on the import/export data, audit reports, and other relevant information, including routine and surprise inspections.

Temporary Suspension

The Customs Department may temporarily suspend an AEO status during an investigation in case of non-compliance with standards, providing false or misleading documents, misusing privileges, violating trade-related regulations and receiving sanctions, engaging in money laundering or being declared insolvent, or no import/export activity for six months. The Customs Department will notify the operator of the suspension within one week.

Conclusion

Myanmar's AEO program is a key initiative to modernize customs operations and align with international standards, especially as the country becomes more involved in regional and global trade.

The revised AEO procedures offer significant advantages to compliant businesses, helping them streamline operations and adhere to international trade regulations. With a tiered benefits system and a transparent certification process, the Customs Department aims to facilitate trade while ensuring oversight and compliance.

Contact Us



Diberjohn Balinas

Tax Partner, Myanmar

diberjohn.balinas@dfd.com



Nay Nay Eaint

Senior Tax Manager, Myanmar

naynay.eaint@dfd.com