



Tax Newsletter

Timely news and information on national tax issues

El Salvador, Guatemala, Panama and Costa Rica mutually recognize the Authorized Economic Operator program

On 26 April 2019, the General Customs Office (DGA) of the Treasury Department of El Salvador signed a Mutual Recognition Arrangement with the customs offices of Guatemala, Costa Rica and Panama to recognize each other's Authorized Economic Operator (AEO) programs.

Thus, the cited countries seek to facilitate international trade and strengthen the security of customs operations.

The main benefits of this arrangement for companies authorized as AEOs are as follows:

- a) Expedited inspection procedures;
- b) Priority in the clearance of goods;
- c) Priority service and mobilization of cargo at land border crossings;

In these 4 countries, a total of 120 companies have this certification, of which only 2 are Salvadorian companies.

In this respect, it is important for Salvadorian companies to know in greater detail what this framework consists of, what the benefits of being certified as an AEO are, and what the steps for requesting authorization are, so that they can take advantage of the benefits of this Mutual Recognition Arrangement. Following is some

information regarding these questions:

1. What is an AEO?

The AEO is the actor involved in the logistics chain, who performs an activity within such chain, applying best practices, assessing and managing risks, with security measures that minimize the possibility of their cargos being contaminated by any type of acts that endanger their reputation, image, and classification as a low-risk customer before the Customs Authority and other authorities that exercise controls in foreign trade operations.

The Accreditation of the AEO represents a seal of approval of the foreign trade operator, which results in benefits for the actors of the logistics chain, since the operations performed by these operators are guaranteed in the pursuit of decreasing the risks involved in foreign trade.

2. What direct benefits does the AEO have in El Salvador?

- a. Priority attention in customs operations executed before the Customs Office of the Republic through windows specifically designated for OEASV.
- b. Reduction in the percentage of immediate verification of goods.
- c. Priority service and mobilization of cargo at border crossings.
- d. Priority in the application of customs controls to shipments, in the event they are selected for inspection.
- e. Right to receive personalized attention, through an AEO Specialized Technician, with respect to its customs operations.

- f. Priority in receiving specialized training on customs procedures and security measures for means of transportation, facilities and handling of goods, provided by the Customs Service or by international entities that support the General Customs Office in the implementation and maintenance of the program.
- g. An AEO recognized in El Salvador will at the same time be recognized in all the countries of the world that use this same program or other compatible programs, and thus the benefits acquired are not restricted by territorial limitations.
- c) It has not reported losses in the last three years prior to the filing date of the request.
- d) It can demonstrate administrative, tax, customs, and judicial compliance during the last three years prior to filing date of the request, or in accordance with the term established in the Regional and National Customs Legislation.

3. What are the steps for being certified as an AEO?

In order to be certified as an AEO, it is necessary to submit a request that contains certain specific information of the applicant, as established in the Authorized Economic Operator Program Manual of El Salvador.

In addition to other documents, a self-evaluation questionnaire should accompany the application. This questionnaire has the purpose of having the applicant evaluate their level of compliance with the different customs provisions it is subject to.

Finally, it will be determined whether the applicant complies with the following:

- a) It has a minimum level of international trade operations, per that established in the Regional and National Customs Legislation.
- b) It can demonstrate sufficient financial solvency to meet its commitments according to the nature and characteristics of the type of economic activity to be performed.

Once all the documentation is submitted, the AEO section of the General Customs Office (DGA) will analyze the information presented in order to determine whether or not the request complies with all the program requirements. If the request is accepted, the applicant will be notified in a period no longer than 150 days, and then the applicant's facilities will be inspected to verify that all the requirements are met.

When the DGA concludes its review of the request, it will issue a resolution notifying the applicant of the result, which could be one of the following:

- Approved
- Reevaluation
- Not approved

In order to avoid a resolution indicating either the need for a reevaluation or a non-approval, it is important for the Company interested in obtaining the AEO certification to perform a diagnosis for evaluating its compliance with all the requirements, and thus be able to correct any issue prior to filing the request.

If the resolution indicates an approval of the request, the applicant will be authorized to be an Authorized Economic Operator for a term of 3 years, with the possibility of renewal for equal and consecutive periods.

It is worth mentioning that Mutual Recognition Arrangements are expected to be signed with the Customs Services of the United States of America, Mexico, the Dominican Republic, Peru and Taiwan, in order to increase the competitiveness of the country.



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Tax Calendar

May 2019

The updated 2019 tax calendar is now available on the Tax Administration’s website, which includes the public holidays and the deadlines for all tax obligations.

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Day 16

VAT

Declaration and payment of the Tax on the Transfer of Movable Goods and the Rendering of Services (F-07).

Financial income and transactions

Monthly declaration of Payment on Account, Tax Withheld on Income from Financial Transactions, and the Special Contribution for Citizen Security and Coexistence (F-14)

Specific and ad valorem taxes

- Declaration and payment of Specific Taxes, Ad Valorem Taxes and Special Contribution (F-06).

Other obligations

- Report on Donations (F-960).
- Report on Specific and Ad Valorem Taxes on Producers and Importers of Alcoholic Beverages, Potable Ethyl Alcohol and Beer, Carbonated Beverages, Isotonic Beverages, Fortified Beverages or Energy Drinks, Juices, Nectars, Soft Drinks and Concentrated or Powder Mixtures for the Preparation of Drinks (F-955).
- Report on Specific and Ad Valorem Taxes on Producers and Importers of Firearms, Ammunitions, Explosives and Similar Items,

Producers of Tobacco and Producers, Importers and those that clear fuels through customs (F-988)

- Monthly Report of Sales to Producers, Distributors or Retailers of Tobacco and Tobacco Products (F-956)

Day 23

VAT

Monthly Report on Withholdings, Collections, and Advances on Account of VAT (F-930).

Printing presses

Monthly Report on Documents Printed for Taxpayers of the VAT (F-945).

Day 31

Other obligations:

- Form for Filing Tax Opinion for the 2018 Period (F-455) and Appointment of the Tax Auditor
- Form for Report on Representation Letter regarding the Report on Compliance with the Obligations Contained in the International Services Law corresponding to the first half of the year 2018 (F-462) and Appointment of Auditor.

Days 1 and 10

Labor Day and Mother’s Day holidays.

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