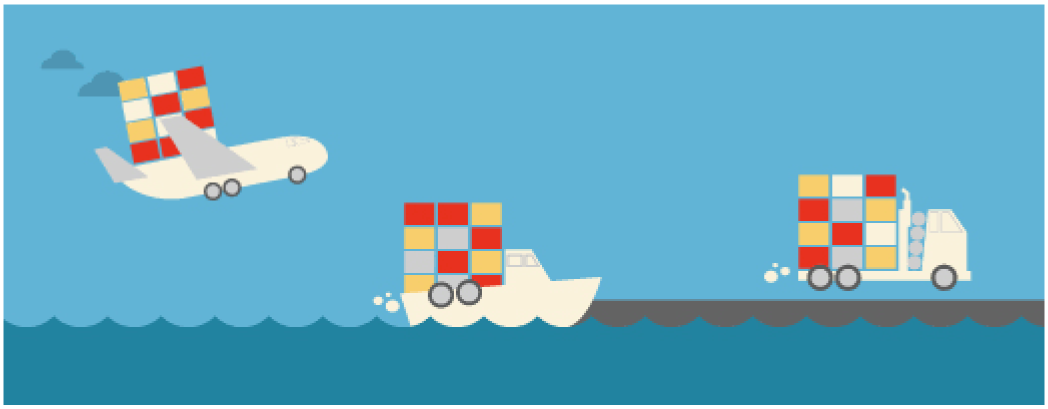
Import Procedure



1. The initial step engaged in importing a product is to accumulate information about the nations and firms which send out the item required by the exporter. It can be accumulated from trade directories, trade organizations, and associations. The exporter readies a quotation otherwise called Performa Invoice and sends it to the importer.

2. The Importer Consults the export-import (EXIM) Policy in power, all together to know whether the merchandise that he/she needs to import are subjected to import licensing or not.

3. In the situation of an import transaction, the provider resides in a foreign nation and subsequently requests the installment of foreign cash. This includes the trade of Indian Currency into foreign money. The Exchange Control Department of the Reserve Bank of India (RBI) manages foreign trade exchange in India. According to rules, each merchant needs to secure the sanction of foreign trade.

4. The importer puts in an import request or indents with the exporter for the supply of merchandise. The request contains information with respect to cost, quality, quantity, size and grade of goods instructions with respect to packaging, delivery shipping, a method of payment and so on.

5. At the point when the payment terms concur between the importer and the overseas provider, the importer gets the letter of credit from its banker and forwards it to the overseas provider.

6. The importer arranges for money in advance to pay the exporter on arrival of goods at the port this empowers the importer to avoid huge penalties on the imported goods lying uncleared at the port for the need of payment.

7. The overseas supplier after loading the merchandise on the ship dispatches the "Shipment Advice" to the importer. It gives information with respect to the shipment of goods like receipt number, bill of lading/airway bill, the name of the ship with date description of merchandise and amount and so forth.

Furthermore,

8. After dispatching the merchandise, the abroad exporter hands over the different documentation like an invoice, bill of lading, insurance certificate of origin to his banker for their forward transactions to the importer when he receives the bill of exchange drawn by the provider. The acknowledgment of a bill of exchange by the importer to get a confirmation of delivery is known as the retirement of import documents.

9. At the point when the sent merchandise comes in the importer's nation, the individual accountable for the merchandise conveys the officer in control at the dock or the airport about it. The individual responsible for the ship or airway gives the report with respect to import.

10. Imported merchandise are subjected to customs which is an exceptionally extensive process and includes a considerable time to complete. The importer more often than not appoints a C&F operator for completing these customs.

Essentially, the merchant acquires a delivery order which is otherwise called an endorsement for delivery. This order allows the importer to take to take the delivery of merchandise subsequent to pay the cargo charges.

Importer likewise needs to pay dock dues for getting port trust dues receipts for which he submits two duplicates filled in the form is known as "application to import" to the Landing and "Delivering Dues Office". Subsequent to paying dock dues the importer gets back one copy of the application as a receipt which is called as 'port trust levy receipts'.

At long last, the importer fills in a frame known as 'bill of entry' for appraisal of customs import duty. An inspector inspects the merchandise and gives his report regarding the bill of entry. This bill is then introduced to the port administration which on getting the important charges, issues the discharge arrangements.

Documents Used in an Import Transaction

- **Proforma Invoice**: It is a record that contains points of interest with regards to the quality, review, design, mass, weight, and cost of the exported merchandise and the terms and conditions on which their transportation will occur.
- **Import order or Indent:** It is a documentation in which the importer orders for supply of imperative merchandise to the supplier. The order containing the data, for example, amount and nature of merchandise value, a technique for sending the merchandise, packing process, method of payment and so forth.
- **Shipment counsel:**– The exporter sends shipment advice to the importer for telling him that the merchandise has been dispatched. It contains invoice number, bill of lading/airway bill number and date, the name of the vessel to date, the port of export, description of products and amount and the date of cruising of the vessel.
- **Bill of lading:**– It is readied and marked by the captain of the ship recognizing the receipt of merchandise on board. It contains terms and conditions on which the products are to be taken to the destination.
- **Bill of entry:**– It is a form provided by the customs office to the importer who filled it at the duration of getting the merchandise. It must be in triplicate and is to be submitted to the customs office.
- **Letter of credit**:- It is a document that contains a certification from the importer bank to the exporter's bank that it is attempted to respect the payment up to a specific sum of the bills issued by the exporter for transportation of the products to the importer.

Trade Enquiry: It is a written request made by a logistic firm to the abroad provider for giving data in regards to the cost and different terms and conditions for trading merchandise

Customs and International Trade

Businesses invariably are required to transport goods, materials and merchandise across borders which forms the basic foundation of international trade. In India, cross-border trade involves dealing with Customs, the Border Control Authority and understanding the trade policy measures adopted by the Government for export and import of goods. For traders seeking entry into the Indian market, a good understanding of the Trade Policy and Customs environment is extremely essential. This helps in making an informed decision as well as in managing risks related to cross-border trade regulations.

At BDO, we not only assist businesses reduce international trade costs but also help them in efficient management of import/export risks and establish transparency in their cross-border transactions. Our services on Customs & International trade help Companies strengthen their global supply chain and unleash the potential of your business.

Key Customs challenges for cross border trade in India

Traditionally, Customs challenges have been Valuation and Classification of goods. Over the past 2 decades, determination of origin for seeking preferential tariff rates has emerged as new challenge. However, the management and mitigation of overall Customs risk for business is the largest of all customs related challenges for any enterprise with a cross border supply chain.

Customs impacts all 3 dimensions of Corporate functioning **–**

- Financial Reporting
- Operations
- Compliance

Customs risks include

Compliance Risks	Business Risks
▪ Valuation ▪ Classification ▪ Exemption Claims ▪ Estimation of duty	▪ Failure to adopt duty mitigation options ▪ Failure to source from preferential areas ▪ Taking positions contrary to Transfer Pricing ▪ Disruption to supply chain ▪ Adverse impact on Corporate reputation

Customs Valuation

BDO India has both, a broad and deep understanding of the national customs valuation provisions as well as how the national customs administration views these provisions. A few of our senior team members are ex-Customs & Excise officials who are in a position to provide additional insights into the authorities' point of views and concerns relating to customs valuation.

Customs Classification

Wrong classification of goods has serious ramifications for importers and exporters under Indian Customs laws. BDO India services on Customs classification not only deal with the study of the HSN and product categorisation from a Customs Tariff standpoint but these also include assistance in applying for an advance ruling as well as meeting customs authorities to clarify any aspects specific to the product category and HSN.

Determination of Origin

Given the very objective of importing under FTA being entitlement to a lower customs duty rate, the process of claiming and substantiating preferential origin is subject to much and increasing scrutiny from Customs Authorities.

At BDO, we assist in one or more of the following ways:

- Advising on the coverage of the Preferential Trade Agreement;
- Evaluating the product manufacturing process to advise on its origin as prescribed by the relevant Origin Rules
- Comparative analysis of duty savings under the FTA to estimate the exact quantum available to a product category

Key challenges under India's Foreign Trade Policy

Identification & Quantification of Export oriented benefits/incentives

Even under the current Foreign Trade Policy (April 2015 – March 2020), the Government has incentivised goods exports under –

- Merchandise Export from India Scheme (MEIS) & Export Promotion Capital Goods (EPCG) Scheme
- Services exports has been incentivized under the Service Exports from India Scheme (SEIS)
- MEIS & SEIS offer duty credit entitlement to exporters, in the form of Scrips, that can be used to debit import duties or can even be traded (duty credit scrips are freely transferable)

BDO India has professionals with core knowledge of the Policy and Procedures that will help clients achieve the desired objectives.

Designing the template for procedure to obtain the policy benefits

Right from applying for the Import – Export Code (IEC) to suggesting the procedure to be adopted for applying for the identified scheme/benefit available under the Policy, we assist businesses to get complete clarity on how benefits will eventually materialise in a time bound manner.

Actual assistance in obtaining the policy benefits

BDO India offers handholding assistance on securing the incentives under the Foreign Trade Policy in all the major port cities in India. This assistance could be by way of preparing the application forms, collating the supporting documents and making the application under the client's express authorisation. It also involves rigorous follow ups with the Regional Foreign Trade Authority (Additional Director General of Foreign Trade or Zonal DGFT)

Duty free enclaves

Special Economic Zones (SEZs): Clearance of goods from SEZ zones is closely monitored to prevent accidental or deliberate diversion to the domestic market. SEZs also come in two variants – the one where manufacturing is undertaken under Customs bond and the other, also known as Free Trading & Warehousing Zones (FTWZs), where goods are procured purely for storage and selling overseas (export trading). The requirements and restrictions prescribed for FTWZs are similar to those for bonded manufacturing in SEZs but no processing other than minor jobs, to keep products in good condition, is allowed. Registration under SEZs and periodic compliances is a rigorous obligation in terms of the application process, obtaining the approvals, filing periodic performance reports, etc. If any compliance lapse is identified by the SEZ Authority (Development Commissioner), a company may lose its authorisation to use the facility and be subject to penalties for the breach of regulations.

BDO is able to provide solutions to help companies achieve optimal benefits from such facilities, through:

- Qualification Assessment
- Application Support
- Compliance Reviews

Overall Supply Chain Management

- Review of Customs Risk to Business and evaluating risk mitigation strategies
- Assistance on securing benefits under the Authorised Economic Operator (AEO) Scheme
- Selection of target destination markets
- Review of customs brokers rules & regulations
- Optimisation of business model
- Transit trade
- Overall import-export strategy

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