

INNOVATE

ELECTRONICS

COMMERCIAL BASICS



1. PAYMENT

- a. LC
- b. TT
- c. SD
- d. NET 30 , 45 60

2. SHIPMENT

- a. EX WORKS (Till supplier's gate)
- b. FCA(Fright Carrier till supplier port with clearance)
- c. FOB(Fright on Board till supplier's FF)
- d. FOR (Fright on road)
- e. CIF (Cost Insurance fright till buyer port)
- f. DDP (Delivered duty paid)
- g. Free domicile mode

3. BANK GUARANTEE'S

- a. LD – Liquidated Damages
- b. SD – Sight Draft
- c. PBG – Performance Bank Guarantee

1. Sales Tax

1. VAT

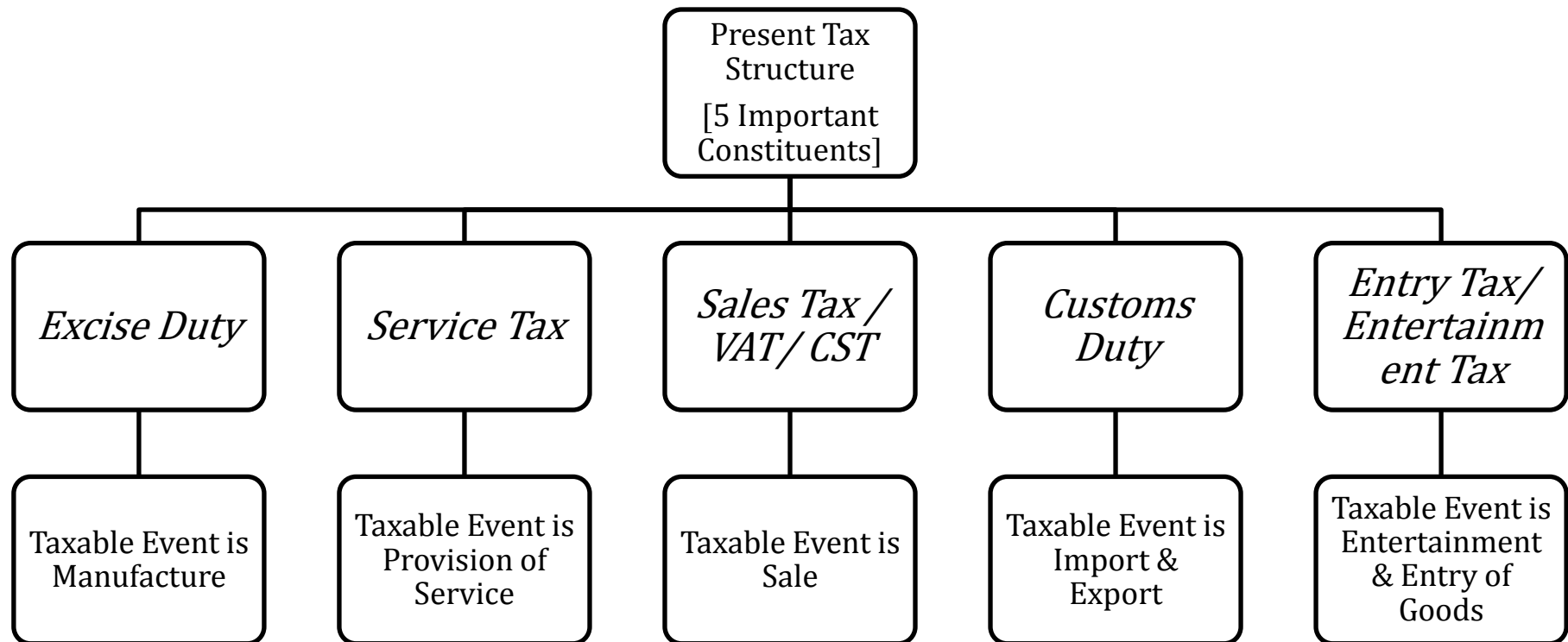
2. CST

3. **GST - Upcoming Tax Structure**

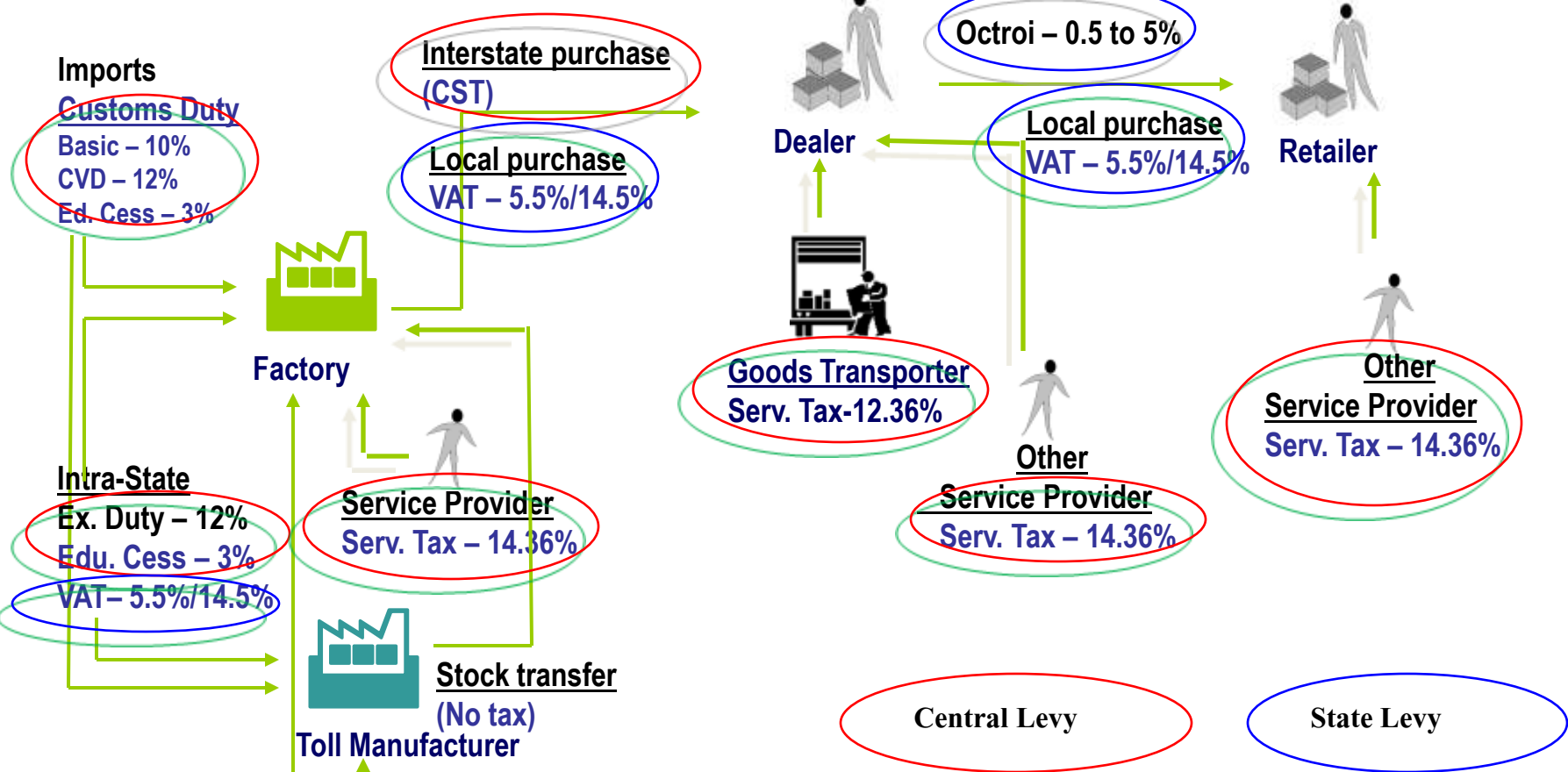
2. Service Tax

3. C form

It **means** the issuer of the **c form** undertakes to pay the sales tax. When you buy the goods outside your state you levied sales tax at cocensional rate and to get the credit the **c form** is issued by the seller and you can adjust your overall sales tax in the quarterly return.



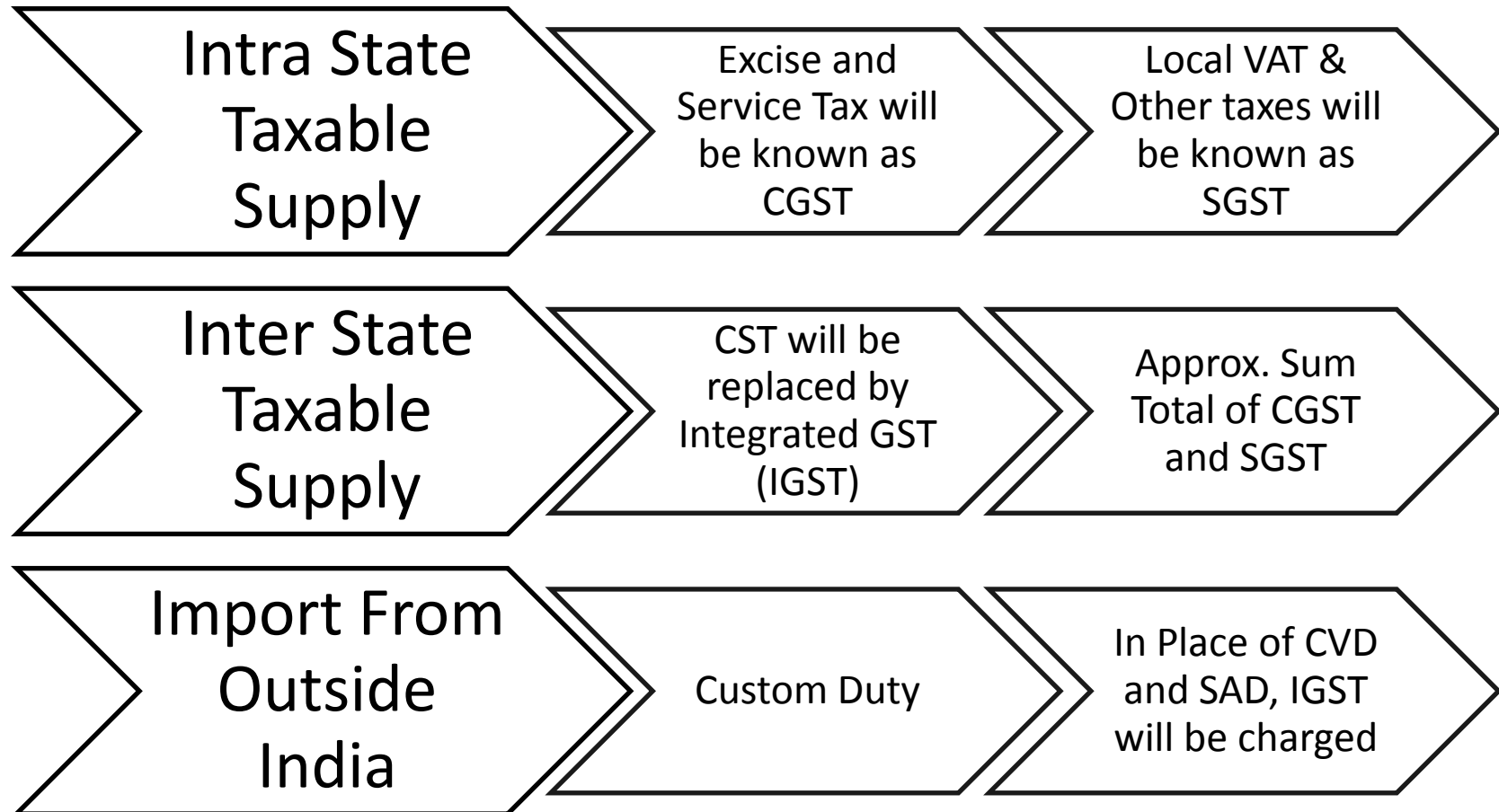
Current Tax Cost in India



-Credit not fungible between State and Centre; resulting in a cascading impact of taxes
 - Cumulative burden of Indirect Taxes in India – 28% to 44% (approx.)

Union List	State List	Concurrent List
<ul style="list-style-type: none">• Income Tax• Custom Duty• Excise Duty• Corporation Tax• Service tax• Central Sales Tax• Stamp duty in respect of bills of exchange, cheques, promissory notes, etc	<ul style="list-style-type: none">• Taxes on lands and buildings• Excise duty on alcoholic liquor etc• Entry tax• Sales Tax• Tolls• Luxury Tax• Stamp duty in respect of documents other than those specified in the provisions of List I	<ul style="list-style-type: none">• Stamp duties other than duties or fees collected by means of judicial stamps, but not including rates of stamp duty

The constant blurring of taxing jurisdiction between the Centre and the States has necessitated multiple Constitutional challenges

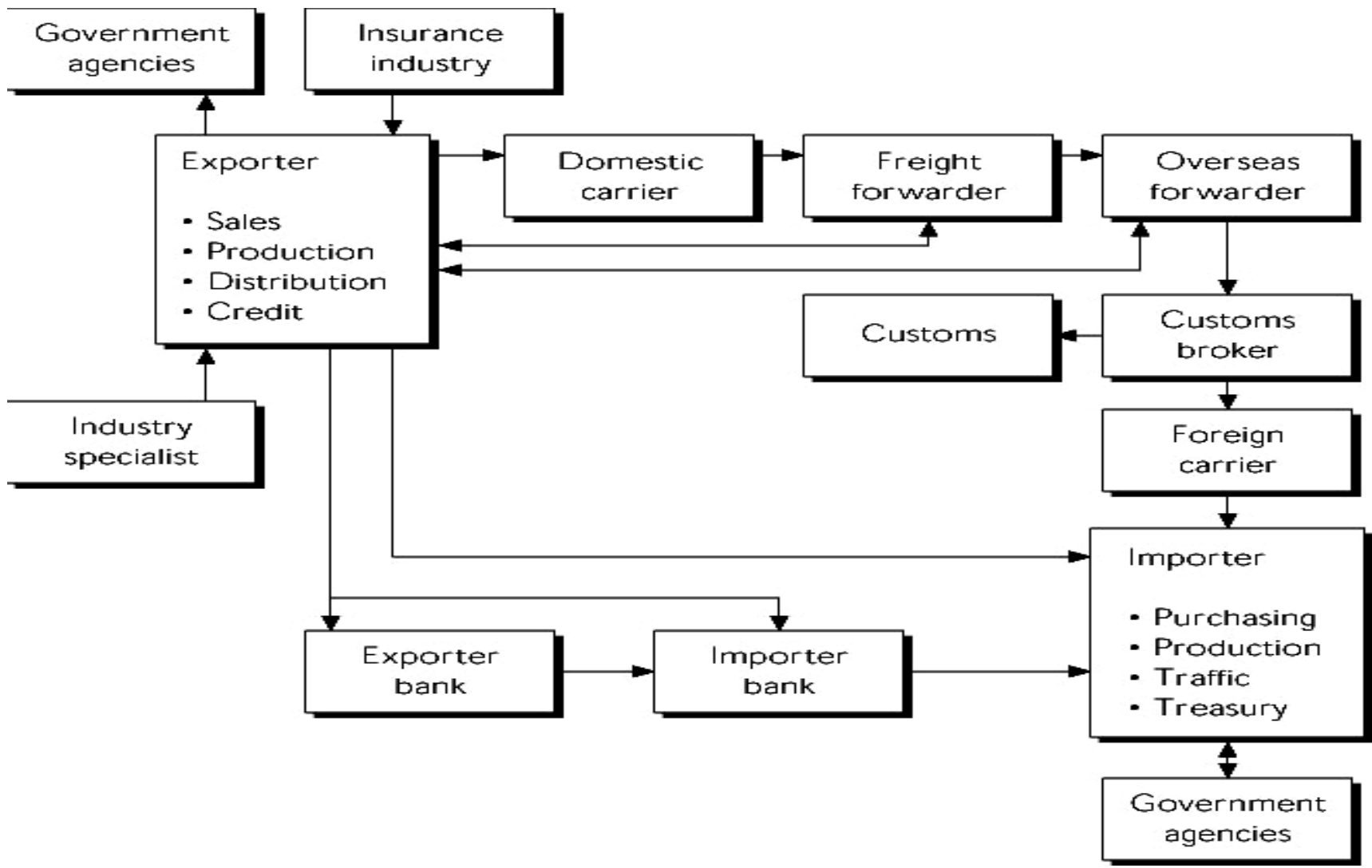


INTERNATIONAL TRANSPORTATION

- More complex than domestic due to distance and number of parties involved
- Major international transportation modes
 - Ocean
 - Air
 - Motor
 - Rail

- Customs Regulation
- Other Customs Functions
- Foreign Trade Zones

Export-Import Flowchart



- Specific types of carriers that transport U.S. ocean-borne trade are
 - Liners
 - Tramps
 - Private vessels

- Just as with domestic moves, air transportation offers the international transportation user speed.
- Four types of air carriers are available for international shippers:
 - Air parcel post
 - Express or courier
 - Passenger
 - cargo

- Courier service is provided by air carriers and is generally restricted to small shipments weighting less than 2 Kg. Speed is the essential characteristic of this service, with next-day or second-day delivery a standard service level. If the value is less than \$1000, it is well considered as Courier service
- Example of major carriers providing this service include Federal Express, United Parcel Service (UPS), DHL, and Emery.

- All-cargo carriers specialize in the movement of freight, not passengers.
- The airplanes are outfitted with larger hatch openings, cargo compartments, and floor-bearing ratings.
- Many air cargo planes have mechanized materials-handling devices on board to permit the movement of heavier cargo inside the plane.
- Some of the larger planes are capable of transporting a 40-foot container, trucks, and other motor vehicles.
- Generally, these carriers haul heavier shipments weighing more than 70 pounds.

- These firms arrange movement for the shipper. They do not necessarily act as consolidators or earn their revenues in that manner like domestic forwarder.
- International freight forwarders act as agents for shippers by applying familiarity and expertise with ocean shipping to facilitate through movement.
- They represent the shipper in arranging such activities as inland transportation, packaging, documentation, booking, and legal fees.

- No special authorization is needed to export, but the president of the United States is authorized to control exports for national security, foreign policy, and items in short supply.
- In addition, licensing by a federal agency having jurisdiction over a commodity can exercise licensing requirements for a given product, such as the Department of Agriculture having jurisdiction over grain.

- 1. Custom Duty**
- 2. Excise duty**

- Basic Customs Duty :Levied under Customs Act, 1962 on :
Imported goods: (means any goods brought into India from a place outside India)
Export goods : (means any goods which are to be taken out of India to a place outside India)
- Additional Duty equal to Excise duty (CVD) and Additional duty equal to Sales Tax , local tax or any other charges (SAD) is levied under Customs Tariff Act, 1975
- Anti dumping duty and safeguard duty , if notified, are also levied under Customs Tariff Act, 1975

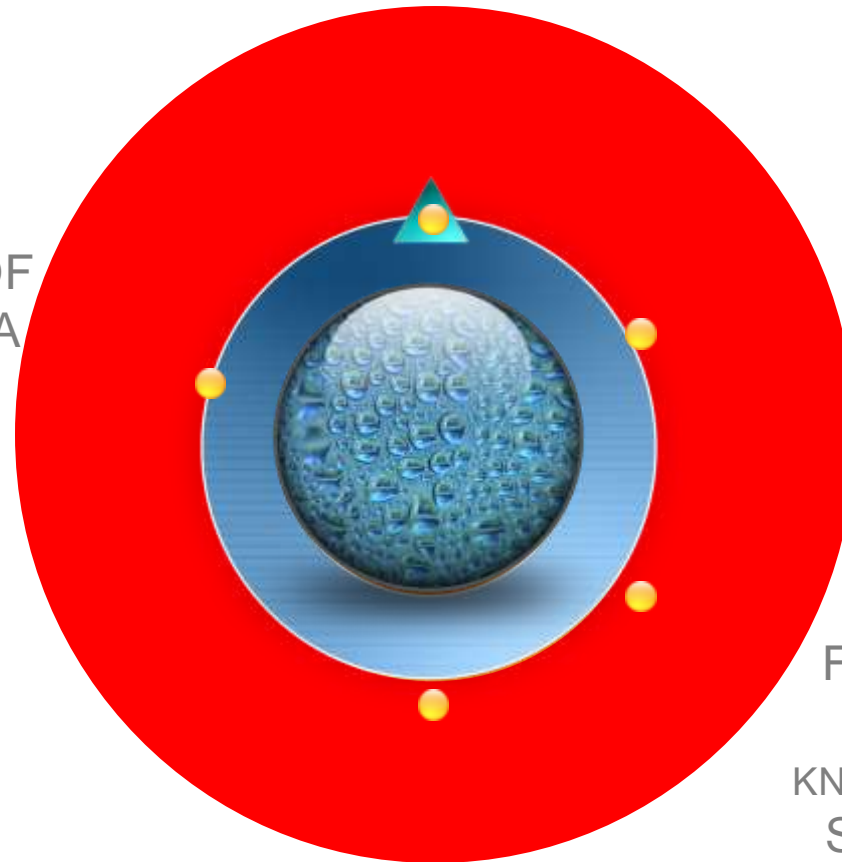
- Basic conditions which must be satisfied for deciding dutiability / Excisability of any article are
 1. The article should be “Goods” and,
 2. It should have come into existence as a result of “Manufacture”.
- If either of the conditions is not satisfied, Central Excise duty can not be levied.

Payment process

Protocol – PAYMENT PROCESS

FOLLOW UP WITH STORES
AND USER ON RECEIPT OF
ITEM

DETERMINE DATE OF
RECEIPT FROM CDA



FOLLOW UP WITH END
USER & QUALITY
DIVISION FOR
INSPECTION
APPROVAL

FOLLOW UP WITH
PURCHASE TO
KNOW THE FILE IS
SENT TO A/C'S

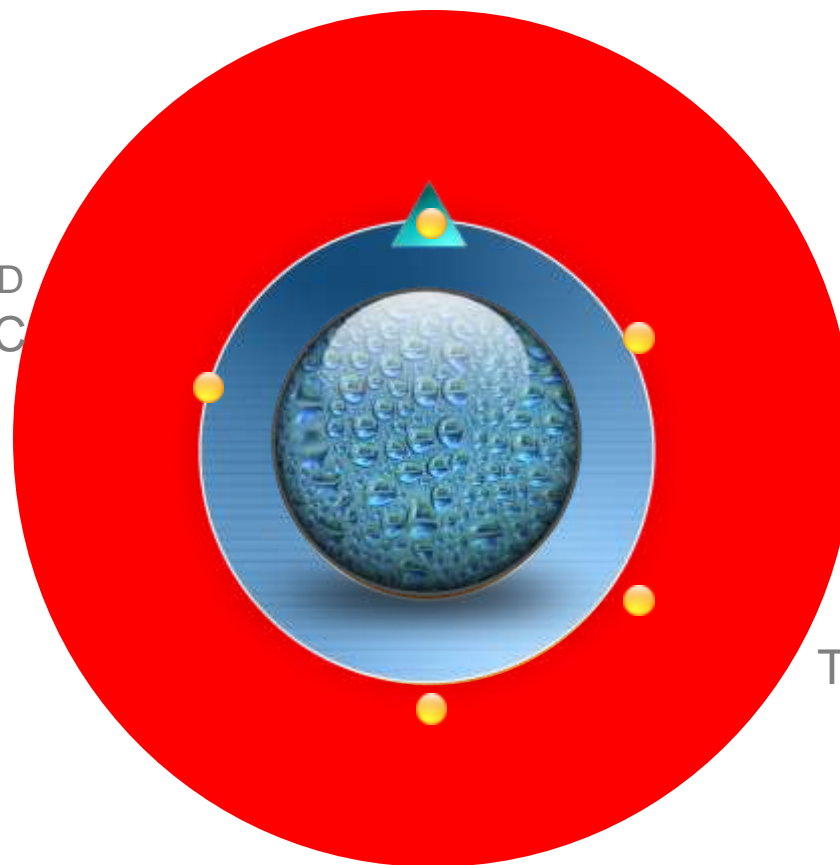
FOLLOW UP WITH A/C'S IF FILE IS
FORWARDED TO CDA



Tender Procurement Process

ASSESS THE NEED (P2F2T2)

L1 SHALL BE FINALIZED
THRU TPC OR TEC



APPROVAL, BUDGET
ALLOCATION FROM DIV
HEAD

TENDERING THRU
PURCHASE

QUOTE SUBMISSION FOLLOW BUY TECHNICAL
EVALUATION BY END USER

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