

## UNIT-III

### PAN Number:

PAN is a ten-digit unique alphanumeric number issued by the Income Tax Department. PAN is issued in the form of a laminated plastic card (commonly known as PAN card). Last character, i.e., the tenth character is an alphabetic check digit.

**permanent account number (PAN)** is a ten-character alphanumeric identifier, issued in the form of a laminated "PAN card", by the [Indian Income Tax Department](#), to any person who applies for it or to whom the department allots the number without an application. It can also be obtained in the form of a PDF file.

A PAN is a unique identifier issued to all judicial entities identifiable under the Indian Income Tax Act,<sup>[1]</sup> 1961. The income tax PAN and its linked card are issued under Section 139A of the Income Tax Act. It is issued by the Indian Income Tax Department under the supervision of the Central Board for Direct Taxes (CBDT) and it also serves as an important proof of identification.

It is also issued to foreign nationals (such as investors) subject to a valid visa, and hence a PAN card is not acceptable as proof of Indian citizenship. A PAN is necessary for filing income tax returns.

### Structure of PAN<sup>[edit]</sup>

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The PAN (or PAN number) is a ten-character long alpha-numeric unique identifier.

The **PAN** structure is as follows: **Fourth character** [*P* — Individual or Person ]

Example: **AAAPZ1234C**

- The first five characters are letters (in uppercase by default), followed by four numerals, and the last (tenth) character is a letter.
- The first three characters of the code are three letters forming a sequence of alphabetical letters from AAA to ZZZ
- The **fourth character** identifies the type of holder of the card. Each holder type is uniquely defined by a letter from the list below:
  - A** — AOP (**A**ssociation of persons)
  - B** — BOI (**B**ody of individuals)
  - C** — Company
  - F** — Firm
  - G** — Government
  - H** — HUF (Hindu Undivided Family)
  - L** — Local authority
  - J** — Artificial juridical person
  - P** — Person (Individual)
  - T** — Trust (AOP)
- The **fifth character** of the PAN is the first character of either:

- of the **first name, surname or last name of the person**, in the case of a "personal" PAN card, where the fourth character is "P" or
- of the name of the entity, trust, society, or organisation in the case of a company/[HUF](#)/firm/AOP/trust/BOI/local authority/artificial judicial person/government, where the fourth character is "C", "H", "F", "A", "T", "B", "L", "J", "G".
- The last (tenth) character is an alphabetic digit used as a check-sum to verify the validity of that current code.

### Provisions[\[edit\]](#)

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In recent times, the DOI (date of issue) of the PAN Card is the mentioned at the right (vertical) hand side of the photo on the PAN card if issued by NSDL (now rebranded as Protean eGov Technologies Limited) and will not be mentioned if issued by UTI-TSL.

The central government has introduced a new online service called "Know Your PAN",<sup>[2]</sup> to for knowing your PAN number, verify your PAN<sup>[3]</sup> for new and existing PAN numbers.<sup>[4]</sup>

Failure to comply with the provisions of Section 139A of Income Tax Act, a penalty of ₹10,000/- for each default is payable u/s.272B to the assessing officer.<sup>[5]</sup>

### Uses of PAN[\[edit\]](#)

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The primary purpose of the PAN is to bring a universal identification to all financial transactions and to prevent [tax evasion](#) by keeping track of monetary transactions, especially those of high-net-worth individuals who can impact the economy.

Quoting the PAN is mandatory when filing [income tax returns](#), [tax deduction at source](#), or any other communication with the [Income Tax Department](#). PAN is also steadily becoming a mandatory document for opening a new bank account, a demat account, a new landline telephone connection / a mobile phone connection, purchase of foreign currency, bank deposits above ₹50,000, purchase and sale of immovable properties, vehicles etc.<sup>[1][6]</sup>

### Obtaining a PAN[\[edit\]](#)

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Obtaining a PAN is optional or voluntary like a passport, driving license, [Aadhaar](#) etc. However, its use is mandatory for conducting for high-value financial transactions, etc.

One can apply for PAN by submitting the prescribed PAN application to the authorized PAN agency of the district or through online submission to [NSDL](#), which is now rebranded as Protean eGov Technologies Limited, [Website](#), [UTI](#) along with 2 recent passport size color photographs, proof of ID, Address and Date of Birth and fee. In case of re-print (re-issue), a photocopy of the old PAN is also required. It takes about 10–15 days to receive the card.<sup>[7]</sup>

A user with an [Aadhaar](#) card can also submit e-KYC.

## What is the meaning of 10 digits in PAN number?

The PAN number is **an alpha-numeric number made of 10 digits assigned to your identity, mainly used for income tax related matters**. The first five characters are letters from the

English alphabet, the next four characters are numbers and the last character is also a letter.  
Classification of PAN Characters-

## **IEC Number:**

### **What is IEC**

An Importer -Exporter Code (IEC) is a key business identification number which mandatory for export from India or Import to India. No export or import shall be made by any person without obtaining an IEC unless specifically exempted. For services exports however, IEC shall be not be necessary except when the service provider is taking benefits under the Foreign Trade Policy.

Consequent upon introduction of GST, IEC being issued is the same as the PAN of the firm. However, the IEC will still be separately issued by DGFT based on an application. The nature of the firm obtaining an IEC may be any of the follows- Proprietorship, Partnership, LLP, Limited Company, Trust, HUF, Society

### **How do I find my IEC number?**

IEC or Importer Exporter Code is a unique 10-digit alpha numeric code issued on the basis of PAN of an entity.

1. Enter User Name and password.
2. Click Services → IEC → Manage IEC.
3. Verify Your details.
4. Click Print IEC.
5. PDF displayed to print.

### **Who needs an IEC number?**

To import or export in India, IEC Code is mandatory. No person or entity shall make any Import or Export without IEC Code Number, unless specifically exempted. **3 Who can get IEC? An individual or a company who wants to do international business can get an IEC.**

### **What is the cost of IEC number?**

### **Import Export License Fees / Cost to get IEC Code in India**

As per the latest notification, IEC code Application fees is **Rs 500/-** which can be paid online through e-wallets/Net Banking/Credit or Debit Cards. Therefore the Government Fees or Official fees to get IEC Code in India is Rs. 500.

### **How do I register for IEC number?**

#### **For IEC Code Registration, the following documents are required:**

1. Individual's or Firm's or Company's copy of PAN Card.
2. Individual's voter id or Aadhar card or passport copy.

3. Individual's or company's or firm's cancel cheque copies of current bank accounts.
4. Copy of Rent Agreement or Electricity Bill Copy of the premise.

### **What is the benefit of IEC certificate?**

#### Benefits of IEC Registration

It helps in the expansion of your business to a global level. Fulfills the legal obligation of Import-Export Business. Import-Export Code Registration is available online. Any business entity can use Import-Export Code Registration for a lifetime.

### **Application & Related documents for IEC:**

#### **Documents required for IEC registration**

- Aadhar card (as address proof)
- A canceled cheque from the bank.
- Business proof (GST registration or incorporation certificate)
- Digital Signature Certificate (DSC)

What documents are required for IEC updation?

#### **Required Documents for Updation/Modification in IEC**

- Scan copy of Company Pan Card.
- Scan copy of Cancelled Cheque.
- Scan copy of Register address proof. - ...
- All directors/Partners Pan cards, Aadhar card copies, and Mobile No.
- Digital key/Aadhar card Registered Mobile No for OTP of any Director.
- Copy of GST certificate.

### **What is applicability of IEC?**

**IEC may be applied on behalf of a firm which may be a Proprietorship, Partnership, LLP, Limited Company, Trust, HUF, Society.** Firm must have a PAN, bank account in the name of the firm and a valid address before applying. Address may be physically verified by the DGFT on issuance of the IEC.

### **What are documents required for DGFT registration?**

Digital Photograph (3x3cms) of the signatory applicant/Secretary or Chief Executive. Copy of PAN card of the applicant entity. Copy of Passport (first & last page)/Voter's I-Card /UID (Aadhar Card) /Driving Licence/ PAN (any one of these) of the Secretary or Chief Executive/ Managing Trustee signing the application.

## **What is mandatory requirement for IEC number?**

For IEC Code Registration, the following documents are required: -Individual's or Firm's or Company's copy of PAN Card. -Individual's voter id or Aadhar card or passport copy. - Individuals or companies or firms cancel cheque copies of current bank accounts.

Benefits of IEC Registration Expansion of Business IEC assists you in bringing your product or service to the world market and further expanding your business. Availing Several Benefits The companies could benefit from the advantages of their imports and exports through Customs, the DGFT, Export Promotion Council, Customs, etc. Based on the IEC registration.

No Filing of returns IEC doesn't require the filing of any tax returns. Once the IEC is allocated, there's not any obligation to follow any procedure to ensure the validity of the certificate. Even when it comes to exports There is no requirement to file any tax returns to DGFT. Easy Processing It's quite simple to get IEC codes from DGFT within 10 to 15 days following making the application. There's no requirement to show proof of an export or import to get an IEC code. No Need For renewal IEC Code is valid throughout the life span of an entity, and it requires no renewal. Once it has been obtained the code can be used by the entity to protect all import and export transactions.

Cases Where Import-Export Code (IEC) is Not Mandatory According to the most recent announcement by the federal government, IEC cannot be mandatory for traders recognized under GST. In all instances it is the PAN of the business will be considered to be a new IEC code for the purposes of export and import. The Import Export Code (IEC) isn't needed if the product is shipped or imported are used intended for personal use and not employed for commercial purposes. Export imports made by Government of India Departments and Ministries, Notified Charitable institutions do not need to obtain an IEC for Import Code. Assuming that you want any help concerning the system for getting the IEC enrollment, or restoration of the IEC permit, kindly go ahead and call our business consultants at 01149987764

## **Role of DGFT:**

This Directorate, with headquarters at New Delhi, is responsible for formulating and implementing the Foreign Trade Policy with the main objective of promoting India's exports. The DGFT also issues scrips/authorization to exporters and monitors their corresponding obligations through a network of 24 regional offices.

## **What are the 3 functions of DGFT explain?**

The functions of the DGFT are given below. Implementing the foreign trade or EXIM policy of the government. Providing a complete database of all exporters and importers in India. Granting of the Exporter Importer Code (EIC) Number to exporters and importers in India.

## **What is the role of DGFT ?**

The Director-General **advises the central Government in the formulation of Foreign Trade Policy and is responsible for carrying out that Policy.** At present, the Director-General

formulates Foreign Trade Policy and Hand Book of Procedures of Foreign Trade Policy and ITC (HS) Classifications of Import and Export Items.

### **What are the powers of DGFT?**

DGFT through its power under the FTDR Act **notifies various restrictions or quota or conditions on import of goods into India**. These restrictions may require a licence or registration be applied for and approved prior to the given imports.

### **What is the difference between DGFT and customs?**

What is the difference between DGFT and Customs? **DGFT is a part of the Ministry of Commerce and Industry, whereas Customs is a part of the Central Board of Indirect Taxes and Customs (CBIC) under the Ministry of Finance**. The customs department monitors entire import and export services and related taxes and duties.

### **What is the conclusion of DGFT?**

The conclusion of DGFT that **Indian companies having foreign equity cannot be considered as Indian, militates against well-established canons of company law**. It is established law that a company is a juristic entity and the identity of the company is different from its shareholders.

### **Why is DGFT registration required?**

IEC (Import Export Code) is required by anyone who is looking to kick-start his/her import/export business in the country. It is issued by the DGFT (Director General of Foreign Trade). IEC is a 10-digit code that has lifetime validity.

### **What is DGFT Organisation structure?**

Organizational Structure

**The zonal offices of DGFT are at Kolkata, Delhi, Chennai and Mumbai**. The zonal offices are headed by The Additional Director General of Foreign Trade, whereas the Regional Offices are headed by Joint Director General, Deputy Director General and Assistant Director-General.

### **Export Promotion Councils:**

#### **What is the role of Export Promotion Councils?**

The basic role of EPCS is **to contribute to evolving an eco-system for exports to thrive in the country**. The EPCs help exporters by: 糖糖 Sharing Information: To assist exporters to understand, interpret and implement the export policies and export assistance schemes of the Government including the State Governments.

### **How many Export Promotion Councils are in India?**

fourteen Export Promotion Councils

Presently, there are **fourteen** Export Promotion Councils under the administrative control of the Department of Commerce. Names and addresses of these Councils are given in Annexure 1.2. These Councils are registered as non-profit organizations under the Companies Act/ Societies Registration Act.

### **Which are export promotion council?**

Export Promotion Councils

#### **Agriculture and Processed Food Products Export Development Authority**

(**APEDA**) Apparel Export Promotion Council (AEPC) Basic Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council (CHEMEXCIL) Carpet Export Promotion Council. Cashew Export Promotion Council of India (CEPC)

### **What are Export Promotion Councils in international trade?**

Export Promotion Councils are government-initiated authorities that promote and support export firms in developing their overseas trade and presence by providing technical and industry insights. Additionally, EPCs also promote government schemes, act as a data store and conduct overseas tours and studies.

### **What is the role of ECGC and export promotion council?**

**ECGC is essentially an export promotion organisation, seeking to improve the competitiveness of the Indian exports by providing them with credit insurance covers.**

ECGC Ltd. also administers the National Export Insurance Account (NEIA) Trust which caters to project exports of strategic and national importance.

### **What is the importance of export promotion?**

Promoting the export of craft products, which are valued products, is **critical for international business as the sales growth increases worldwide**. Moreover, the export of craft products has increased international trade and maximized economic value in the highly competitive global market.

### **What are the types of export promotion?**

Types of export incentives include **export subsidies, direct payments, low-cost loans, tax exemption on profits made from exports and government-financed international advertising**.



## **Who is the head of export promotion council?**

NEW DELHI: Export Promotion Council for EOUs and SEZs (EPCES) on Sunday said Bhuvnesh Seth will be the new chairman of the council, set up by the ministry of commerce and industry.

## **What are the major institutions for export promotion in India?**

**So, exporter should contact them for the necessary assistance.**

- Export Promotion Councils (EPC) ...
- Commodity Boards. ...
- Federation of Indian Export Organisations (FIEO)
- Indian Institute of Foreign Trade (IIFT)
- Indian Institution of Packaging (IIP)
- Export Inspection Council (EIC)
- Indian Council of Arbitration (ICA)

## **RCMC:**

### **RCMC (REGISTRATION-CUM-MEMBERSHIP CERTIFICATE)**

According to the Foreign Trade Policy, a Registration-cum-Membership Certificate (RCMC) is required for exporters in order to avail benefits under the policy. Holding the certificate can also help exporters in availing benefits with respect to Customs and Excise.

### **RCMC Registration - An Overview**

RCMC is an abbreviation for registration cum membership certificate. This certificate is issued as a license to the company to carry out exports and avail some form of concessions under the present foreign trade policy. The RCMC certificate is issued by the Federation of Indian Export Organisations (FIEO).

Apart from this the certificate is issued by the Export Promotion Council of India (EPC). Community boards also have authority over issuing this certificate. One of the main aims of providing this form of certificate is to promote the business of exports from India. Apart from this, securing such a certification would have authenticity when dealing with public transactions.

Such certificate is not required by an organisation or an institution which has been exempted from requiring some form of export and import license. This certificate is valid for a period of 5 years.

As per the Export promotion policy of India, this form of certificate is required to be taken by an exporter. The certificate would be issued by the competent export promotion council (EPC).

For securing RCMC registration, the FIEO is considered as the export promotion council in India. First the firm or the organisation would have to make an application for becoming a member of the FIEO.



## **Types of Membership for RCMC Registration under FIEO**

- **Ordinary Membership**

From the name it implies that the membership is just the basic membership. This form of membership would be for an organisation that has just entered into the business of the export and import.

- **Associate Membership**

The associate membership is for entities that have already been in the business of export and import over a period of time. The charges levied for associate membership is more based on the fee plus a nominal rate of GST.

### **Benefits of RCMC Registration**

The main regulatory authority for RCMC registration is the FIEO. Hence the exporter would have to apply to the FIEO for the membership. The registration granted by the FIEO is the RCMC. The following benefits have to be considered for RCMC registration:



- **Foreign Trade Policy**

An Exporter that opts for RCMC registration would secure some of the benefits offered under the foreign trade policy of the country. Apart from this, different form of updates would be provided to the exporter on the foreign trade policy.

- **Promotion of Exports**

In India, export promotion is crucial. To engage the development of different sectors, it is important to promote exports in the country. Securing this registration would directly promote exports on an international level. One of the advantages of securing this registration is securing international expansion policies related to the exports in the country. For example, the Government have brought out the scheme for Atmanirbhar Bharat. Under this scheme the government want Indians to buy more products manufactured in India. Through such schemes self sustenance can be established. This scheme would also improve the amount of exports from India.

- **Availing Different Schemes**

Through such registration the exporting firm or company can avail different form of schemes under the FIEO. This would not be possible for any unregistered firms or businesses.

- **Compliance with Government**

An entity or company that secures this registration would be compliant with the rules and byelaws of the government.

- **Updates from FIEO**

Apart from getting different form of concessions from the FIEO, also updates regarding the foreign trade policy in India would be provided. An individual who wants to secure different benefits from the FIEO but does not want the RCMC certificate can still register as an individual exporter.

### **Import Policy and Procedures:**

In India, the import and export of goods is governed by the [Foreign Trade \(Development & Regulation\) Act, 1992](#) and India's Export Import (EXIM) Policy.

India's [Directorate General of Foreign Trade \(DGFT\)](#) is the principal governing body responsible for all matters related to EXIM Policy.

Importers are required to register with the DGFT to obtain an [Importer Exporter Code Number](#) (IEC) issued against their Permanent Account Number (PAN), before engaging in EXIM activities. After an IEC has been obtained, the source of items for import must be identified and declared.

The Indian Trade Classification – Harmonized System (ITC-HS) allows for the free import of most goods without a special import license.

Certain goods that fall under the following categories require special permission or licensing.

- 1) Licensed (Restricted) Items – Licensed items can only be imported after obtaining an import license from the DGFT. These include some consumer goods such as precious and semi-precious

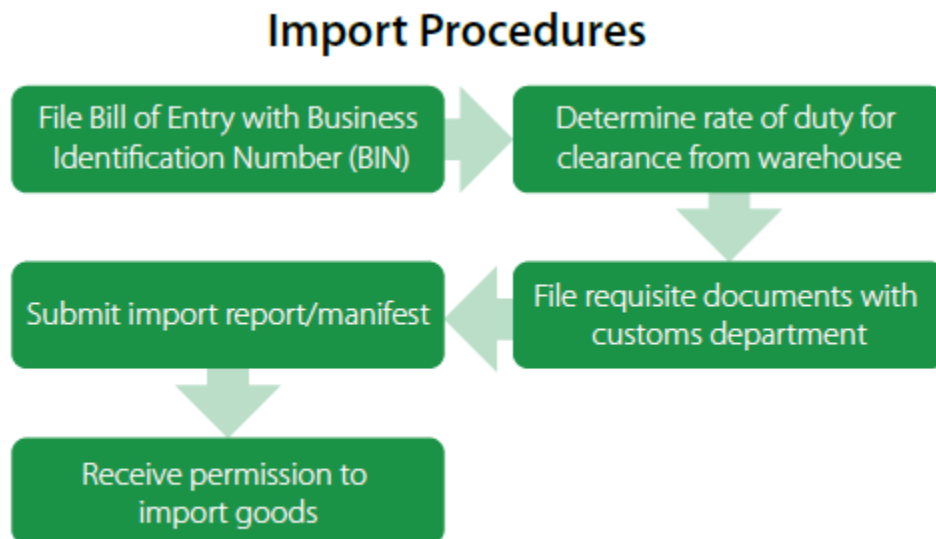
stones, products related to safety and security, seeds, plants, animals, insecticides, pharmaceuticals and chemicals, and some electronic items.

2) Canalized Items – Canalized items can only be imported via specified transportation channels and methods, or through government agencies such as the State Trading Corporation (STC). These include petroleum products, bulk agricultural products such as grains and vegetable oils, and some pharmaceutical products.

3) Prohibited Items – These goods are strictly prohibited from import and include tallow fat, animal rennet, wild animals, and unprocessed ivory.

### Import Procedures

All importers must follow detailed [customs](#) clearance formalities when importing goods into India. A comprehensive overview of EXIM procedures can be found on the [Indian Directorate of General Valuation's website](#).



## **Bill of Entry**

Every importer is required to begin by submitting a Bill of Entry under Section 46. This document certifies the description and value of goods entering the country. The Bill of Entry should be submitted as follows:

- 1) The original and duplicate for customs
- 2) A copy for the importer
- 3) A copy for the bank
- 4) A copy for making remittances

Under the [Electronic Data Interchange \(EDI\)](#), no formal Bill of Entry is required (as it is recorded electronically) but the importer is required to file a cargo declaration after prescribing particulars required for processing of the entry for customs clearance. Bills of Entry can be one of three types:

- 1) **Bill of Entry for Home Consumption** – This form is used when the imported goods are to be cleared on payment of full duty. Home consumption means use within India. It is white colored and hence often called the ‘white bill of entry’.
- 2) **Bill of Entry for Housing** – If the imported goods are not required immediately, importers may store the goods in a warehouse without the payment of duty under a bond and then clear them from the warehouse when required on payment of duty. This will enable the deferment of payment of the customs duty until goods are actually required. This Bill of Entry is printed on yellow paper and is thus often called the ‘yellow bill of entry’. It is also called the ‘into bond bill of entry’ as the bond is executed for the transfer of goods in a warehouse without paying duty.
- 3) **Bill of Entry for Ex-Bond Clearance** – The third type is for ex-bond clearance. This is used for clearance from the warehouse on payment of duty and is printed on green paper.

It is important to note that the rate of duty applicable is as it exists on the date a good is removed from a warehouse. Therefore, if the rate changes after goods have been cleared from a customs port, the customs duty as assessed on a yellow bill of entry (Bill of Entry for Housing) and paid

on the value listed on the green bill of entry (Bill of Entry for Ex-Bond Clearance) will not be the same.

### **What are the import policies?**

Basics of Import

Custom Duty - Introduction: Export and Import trade is regulated by Directorate General of Foreign Trade (DGFT), it is a body functioning under the Ministry of Commerce and Industry, Department of Commerce, Government of India. DGFT is the regulator, promotor and facilitator of Import and Export.

### **What are the 3 stages of import?**

#### **Procedure and Steps Involved in Import of Goods**

- Import Procedure: ...
- The steps taken in import procedure are discussed as follows: ...
- (i) Trade Enquiry: ...
- (ii) Procurement of Import Licence and Quota: ...
- For the purpose of issuing licence, the importers are divided into three categories: ...
- (iii) Obtaining Foreign Exchange:

### **What are the three main components of import policy of India?**

The composition of India's imports is segregated into three categories: **raw materials, capital goods, and consumer products.**

### **What are the rules of import in India?**

#### **The steps involved in importing goods to India:**

- Obtain Import-Export Code (IEC): ...
- Ensure the legal compliance under different trade laws: ...
- Procure Import Licenses. ...
- File Bill of Entry and other documents to complete customs clearing formalities: ...
- Determine import duty for the clearance of goods:

### **licensing rules:**

#### **What are the license required for international trade?**

You need to apply for an **Importer Exporter Code (IEC)** if you want to import or export anything to and from India to other countries. Technically speaking, IEC is a 10-digit number granted by the Directorate General of Foreign Trade (DGFT) to any Indian entity seeking to do international trade.

### **How to Setup a Business in India With Import-Export License**

1. Choose your products. The IEC will be granted only for the product category you apply for. You can seek IEC for additional categories, but you will have to pay an additional fee for each category.
2. Decide your company name, if you have not registered a firm as yet. New firms that are planning to do export-import business should consider names ending with Exports (eg: Ramsay Exports).
3. Register your firm, if it's not already registered.
4. Apply online for IEC – Importer Exporter Code with DGFT, and pay fee of Rs. 250 through electronic money transfer.
5. EDC Registration – Register your export company with nearest port ( Airport and/or Seaport)

### **List of Documents Required for IEC Application**

The exact documents required vary slightly based on whether your business is a proprietorship, partnership, LLP or company. Here's the list of documents required for each one.

**Proprietorship** – Photograph (3×3); PAN card copy; ID proof (passport / voter id / driving license / aadhar card); Address proof (sale deed for self-owned; or rental / lease agreement + electricity bill or telephone bill); Bank certificate (see below) or cancelled cheque with printed name of applicant and bank a/c number.

**Partnership** – Photograph (3×3) of managing partner; PAN card copy of partnership firm; ID proof (passport / voter id / driving license / aadhar card / PAN of managing partner whose signature is on application); Address proof (sale deed for self-owned; or rental / lease agreement + electricity bill or telephone bill); Bank certificate (see below) or cancelled cheque with printed name of applicant firm and bank a/c number.

**LLP and Company (both public and pvt ltd)** – Photograph (3×3) of partner or director who is signing the IEC application form; PAN card copy of applicant LLP or company; ID proof (passport / voter id / driving license / aadhar card / PAN of partner or director whose signature is on application); Certificate of incorporation; Address proof (sale deed for self-owned; or rental / lease agreement + electricity bill or telephone bill); Bank certificate (see below) or cancelled cheque with printed name of applicant firm and bank a/c number.

Bank Certificate for IEC Application Form



One very important requirement for IEC application is a bank certificate. This certificate is required only if you cannot provide a cancelled cheque bearing the name of the applicant entity and bank a/c number. In case you do need it, you can ask your bank to give you this certificate. Download and print out this sample format of the [bank certificate](#), and take it to your bank to get it signed and stamped from them.

### **What are the types of import licenses?**

#### **Types of Licenses**

- Open General Licensed Items. ...
- Imports against Specific Import Licenses. ...
- Import - Quantity Restrictions or Quota. ...
- Export Licenses. ...
- Negative List.

### **What is foreign licensing in international trade?**

International licensing (foreign licensing) is defined as **the process of granting a company the right to manufacture, market, and sell another company's products in a foreign country.** This type of international licensing agreement is between two companies that are based in different countries.

### **What are the two types of export licenses?**

For reasons of national security, foreign policy, or short supply, the United States controls the export and reexport of goods and technical data through the granting of two types of export license: **general licenses and individually validated licenses (IVLs).**

### **Conditions and Obligations of Importers:**

Importers are required to furnish an import declaration in the prescribed bill of entry format, disclosing full details of the value of imported goods. All import documents (e.g., ex-factory invoices, freight documentation, insurance certificates) must be accompanied by import licenses.

### **What are the obligations of importers?**

Importers are also mandated to **retain and, upon request, to provide various documents**, including but not limited to: B3s, purchase orders, commercial invoices, packing lists, bills of lading, certificates of origin, technical documents, drawings, sales literature, etc., which the CBSA may require in order to determine

## **What are the conditions of import license?**

Import licensing can be defined as administrative procedures requiring the submission of an application or other documentation (other than those required for customs purposes) to the relevant administrative body as a prior condition for importation of goods.

What are import compliance responsibilities?

Duties mainly involve **creating and implementing internal policies to ensure a company-wide compliance with domestic and international shipping requirements, custom regulations and trade laws.** They work in any company that imports and exports products.

## **What are the rules of import in India?**

### **The steps involved in importing goods to India:**

- Obtain Import-Export Code (IEC): ...
- Ensure the legal compliance under different trade laws: ...
- Procure Import Licenses. ...
- File Bill of Entry and other documents to complete customs clearing formalities: ...
- Determine import duty for the clearance of goods:

## **What is process of import in India?**

Import procedures

Typically, the procedure for import and export activities involves ensuring licensing and compliance before the shipping of goods, arranging for transport and warehousing after the unloading of goods, and getting customs clearance as well as paying taxes before the release of goods.

## **Different Custom Duties (Import):**

### **What is Custom Duty?**

Custom duty is a tax imposed by a federal or central government on goods and services when they cross international borders. Customs duty can be charged both on exports as well as imports and they're referred to as export duty and import duty respectively. In India, the Central Government, through the Central Board of Excise and Customs, levies customs duties on all imports (except a few items such as life-saving drugs or equipment, fertilizers, food grains, etc.) and a few exported goods as specified in the Second Schedule of the Customs Tariff Act.

There are several government schemes and programs that allow for exemption in export duty to promote Indian exports and create a level playing field for Indian companies in the global market.

Under the new GST regime in play since 2017, customs duty has been replaced by IGST as per Article 269A of the Constitution of India. As per this act, the IGST on import of goods & services is levied under the purview of the [IGST Act,2017](#) . In this case, the importer of the services, who is based in India, will have to pay the tax on reverse charge basis. For import of goods, IGST is levied under the Customs Act, 1962 read with the Custom Tariff Act, 1975. Since customs duties are primarily levied on imports, this article will mainly focus on import duties and their details.

## **Types of custom duty**

Before the GST regime, customs duties included various heads such as basic customs duty, additional customs duty, true countervailing duty, protective duty, education cess and anti-dumping duty or safeguard duty. Some of these have been subsumed into the IGST regime as listed in the next section.

Ever since IGST has replaced the old tax regime, the duty now includes the following heads:

### **1. Basic Customs Duty**

The basic customs duty varies from 5% to 40% of the assessable value of the goods being imported.

### **2. Integrated Goods and Services Tax (IGST)**

The IGST component depends on the HSN code of the goods being imported. In cases where imported goods are liable to Anti-Dumping Duty or Safeguard Duty, value for calculation of IGST as well as Compensation Cess shall also include Anti-Dumping Duty amount and Safeguard duty amount.

### **3. GST Compensation Cess**

This Cess is being collected to compensate the states of India for any loss of revenue on account of the implementation of GST in the country. This Cess is supposed to be applicable only till 1st July 2022. It is calculated as 15% of the IGST value.

### **4. Education Cess**

This Cess is charged at 2% of the aggregate of customs duties. Higher Education Cess at 1% is also applicable.

### **5. Countervailing duty on subsidized articles (CVD)**

Administered by the Central Government's Directorate General of Anti-dumping and Allied Duties (DGAD), CVD is the duty charged to the importer to somewhat neutralize the subsidies given by the government to the exporting country.

### **6. Anti-dumping duty**

Some imports are liable for anti-dumping duty in India to discourage such imports into the country. Anti-dumping duty can range from 0% to 550% of the invoice value of the goods.

### **7. Safeguard duty**

Safeguard duty is applied by the government for a period of time when sudden increase in imports is seen for a particular product. This increase typically stems from import tariff concessions or World Trade Organization (WTO) obligations taken by the importing country. The safeguard duty gives domestic producers a grace period to become more competitive.

### **8. Social welfare surcharge on imported goods**

This surcharge is calculated at 10% of the aggregate of customs duties, taxes and cesses levied by the government.

### **9. National Calamity Contingent Duty**

The National Calamity Contingent Duty, or NCCD, is levied for goods as specified in the Seventh Schedule of the Constitution of India. These rates vary depending on the goods being imported.

## **What are the different types of customs import duties?**

Customs duty is levied as per the value of goods or dimensions, weight, and other such criteria according to the goods in question. If duties are based on the value of goods, then they are called **ad valorem duties**, while **quantity/weight-based duties are called specific duties**.

## **What are the 4 types of custom?**

### **Types of Customs Duty**

- Basic Customs Duty. Basic custom duty is the duty imposed on the value of the goods at a specific rate. ...
- Countervailing Duty (CVD) ...
- Additional Customs Duty or Special CVD. ...
- Safeguard Duty. ...
- Anti Dumping Duty. ...
- National Calamity Contingent Duty. ...
- Education Cess on Customs Duty. ...
- Protective Duties.

## **Customs administration and procedures:**

### **What are customs procedures?**

customs procedure means **the measures applied by the. customs authority of a Party to goods and to the means of. transport that are subject to its customs laws and. regulations;**

### **What is meant by customs administration?**

Customs Administration. The Government Service responsible for the application and control of compliance with the set of measures in force to assure the fulfillment of the laws and regulations that Customs is obligated to apply. Customs broker. Any third party whose business concerns arranging for the clearance

## **Customs Administration**

**The Customs Administration performs the tasks of the Customs Service as an administrative organization within the Ministry of Finance of the Republic of Croatia whose basic task is the application of customs, excise, tax and other regulations.**

- Adopts measures for the implementation thereof;
- Organizes and supervises the work of the customs service;
- Monitors and processes data on export, import and transit passage;
- Carries out customs supervision in the transport of goods and passengers between Croatia and foreign countries; applies international trade agreements and bilateral agreements, as well as agreements in the field of international road transport;
- Carries out the verification of natural and legal persons in line with the regulations on customs duties and excise duties and other regulations in the whole territory of the Republic of Croatia;
- Approves and carries out customs-approved treatment or use of goods;
- Monitors the collection of the State Budget revenues on the basis of customs duties, excise duties, special taxes and other levies which, pursuant to special regulations, are accrued during the inland customs clearance of goods, that is, when goods are being released for consumption, and it undertakes measures for ensuring the collection thereof;
- Carries out supervision and control of the accrual and collection of customs duties, excise duties, special taxes and other levies which, pursuant to special regulations, are accrued during the inland customs clearance of goods, that is, when goods are being released for consumption; carries out tasks of enforced collection of customs duties, excise duties, special taxes and other levies;
- Carries out foreign exchange control in international passenger transport between Croatia and foreign countries;
- Prevents and detects misdemeanours in the field of customs duties and foreign exchange and misdemeanours in terms of excise duties and special taxes, and criminal offences in matters concerning customs duties, excise duties and special taxes;
- Conducts administrative and misdemeanour procedure due to violation of regulations on customs duties, excise duties and special taxes, and it submits requests and undertakes other actions for the implementation of misdemeanour and criminal procedure;
- Prepares professional foundations for the submission of requests in order to ensure the budget funds for financing the work and activities of the Customs Administration;
- Takes care of the construction, maintenance and modernization of customs facilities;
- Carries out tasks regarding hiring, positions, rights and responsibilities of the employees within the Customs Administration;
- Carries out first-instance and second-instance disciplinary procedures;
- Organizes professional education and training for customs civil servants and employees and it participates in the performance of civil service exams for servants;

- Supervises the work of international freight forwarders;
  - Carries out professional exams and issues the approvals for the performance of international freight forwarding tasks;
  - Cooperates with foreign customs services and international organizations in solving customs matters;
  - Carries out other tasks falling under its scope pursuant to special regulations;
  - Carries out other tasks ordered by the Minister.
- Organisation of the Customs Administration
    - What is the importance of customs procedures?
    - Customs legislation, if applied correctly and strategically, **significantly reduces business costs**, not only when the goods are imported or exported, but also after their importation, for example by requesting a refund of customs duties which prove to have been paid in excess at the time of importation, or using special ...

### **Clearance of Import cargo:**

As per the Customs Act, all goods imported into India must pass through the procedure of customs for the proper assessment, appraisal, examination, and evaluation. This process helps the customs authorities charge the proper tax and check the goods against illegal import.

### **Conditions for Clearance of Imported Goods**

- Every importer must file the bill of entry in the form prescribed by regulations.
- Every importer must obtain an Importer-Export Code (IEC) number before filing a bill of entry from the Director-General of Foreign Trade.
- The information given has to be certified by the importer in the form of a declaration at the bill of entry while filing the bill of entry.
- The importer can submit a document in an electronic format containing all the relevant information to the service center.
- A checklist should be generated for data verification by the importer, and after verification, the data filed by the service center operator generates a bill of entry number.
- The importer is required to sign the final document before customs clearance.
- The importer needs to get the bill of entry, which will be forwarded to the appraising division of the custom-house for assessment function, payment of duty, etc.
- After registration, the bill of entry is forwarded electronically or manually to the concerned appraising group in the custom house.

### **What is import clearance procedure?**

A customs clearance services procedure includes obtaining, preparing, and submitting the documentation required to facilitate export procedures and imports into the country, informing the client about the customs examination, evaluation, and payment of duty, and bringing the cargo into the country.

### **What is customs clearance of import cargo?**

Customs clearance is **the act of taking goods through the customs authority to facilitate the movement of cargo into a country (import) and outside the country (export).**

### **What is cargo clearance?**

Customs clearance is **a necessary procedure before goods can be imported or exported internationally.** If a shipment is cleared, then the shipper will provide documentation confirming customs duties that are paid and the shipment can be processed.

### **Who is responsible for import clearance?**

Who's responsible for customs clearance? Within the international transport chain, the party responsible for carrying out customs clearance is known as the **customs agent.** The customs agent represents the importer or exporter and deals with the customs authority.

### **What are the major documents of clearance of import cargo?**

#### **Customs Clearance Procedures for Import**

- Letter of Credit (L/C).
- Invoice.
- Bill of Lading/AWB/Truck Receipt/Railway Receipt.
- Packing List.
- “Country of Origin” Certificate (except coal and export oriented garments industries)
- Insurance policy/cover note.
- VAT/BIN Certificate.

### **What happens if cargo not cleared by importer?**

If the importer does not clear a cargo, **it will be considered abandoned goods and will accrue demurrage.** Cargos that are not moving can lead to a loss of money for all the stakeholders involved.

### **What are the three main types of cargo?**

#### **General cargo can be sub-divided into three categories:**

- Break Bulk. Concerns cargo that is carried in drums, bags, pallets, or boxes. ...
- Neo Bulk. Concerns cargo where each pre-packaged unit is accountable such as lumber (bundles), paper (rolls), steel, and vehicles.
- Containerized.



## **Import Finance:**

### **What is Import Finance?**

Import finance is the other half of the supply chain that provides funding to the buyer to purchase goods exported from overseas.

Importers purchasing goods also need to cover their expenses while waiting for the products to arrive.

Import finance helps bridge this gap between the purchase and delivery time of goods.

This can be achieved in 2 ways:

#### **1. Purchase Order Finance**

Businesses use this facility to [finance the purchase of goods](#) requested in the purchase order.

In this case, the importer can solely use the funds to pay for production expenses incurred for goods stated in the PO.

#### **2. Loan**

When an importer needs capital to procure materials for goods not backed by a PO, it is classified as an import loan.

The good being imported acts as the collateral in this case.

An importer may need these materials to increase inventory safety margin, meet peak season demands, or shorten the trade cycle.

## 5 Methods for Import Financing

If you are an import business, you'll need import financing. An obvious statement, but the question is—which method of import financing would be best suited for your business?

In this article, we will be breaking down five options available to import businesses. We will explore how each method works and look at its pros and cons.

### Import Financing Method #1: Advance Payment

Also known as cash in advance, this is not strictly considered a method of import financing.

Here, the importer simply pays the exporter in advance for the goods. The upside of this method is that it is simple and straightforward. The downside is that the importer assumes all the risk (what happens if the goods are not up to standard?) and consumes a lot of the seller's working capital, which can prevent the business from scaling and even lead to cashflow problems.

In some parts of the world exporters usually demand advance payment. In China, for example, the standard procedure is a 30% upfront deposit and the remaining 70% to be paid before

shipment—essentially a 100% advance payment. These sorts of requirements thus create the need for the other methods of import financing below.

#### Import Financing Method #2: Letters of Credit (LCs)

LCs are one of the most prevalent trade finance instruments. An LC is a legally binding, irrevocable commitment from a financial institution, made on behalf of the importer, guaranteeing payment for the goods so long as certain terms are met. In this way, the exporter is now assuming the credit risk of the bank, instead of the importer.

The pros of using LCs are that they are widely accepted and highly customizable. Although straightforward import/export transactions need no more than the ‘basic’ LC, the terms of LCs can be varied to suit a range of transaction types. The importer can also build in safeguards in the LC, such as stipulations on quality, delivery etc. as conditions for payment.

The cons are that they are expensive and difficult to obtain—especially for smaller import businesses who do not have collateral to pledge—as the bank now must assume the credit risk of the importer. Further, whatever safeguards the importer can build into the LC are solely based on documentation, rather than actual physical inspection of the goods.

Finally, issuing LCs can also be an extremely cumbersome and time-consuming process—this is a common complaint we have received from our clients.

#### Import Financing Method #3: Cash Against Documents (CAD)

CAD is essentially another form of advance payment, whereby the importer must still pay for the goods before receiving them. In CAD financing, a third party—such as a bank—will hold the shipping and title documents, only releasing the goods to the importer upon full payment. An analogy would be that of an escrow account. The advantage of this method to the importer is that it helps eliminate some of the risk. It is also easy to implement and far cheaper compared to LCs (since the bank does not take on the credit risk of the importer). The disadvantage is that it doesn’t do much to alleviate the strain on the seller’s working capital. The importer must still pay for the goods before getting the chance to sell them.

#### Import Financing Method #4: Business Loans

A more straightforward method of import financing is a simple business loan. It's obvious how it works, so there's not much to elaborate on in that area. The advantages are also apparent, as once the loan is disbursed, the importer can immediately pay the exporter. And depending on the tenure of the loan, there should be enough time to sell the goods before repayment.

The disadvantages of this method are similar to LCs—they are expensive and hard to obtain, particularly if you are a smaller importer, such as an ecommerce or Amazon FBA business. Failure to service these loans will also negatively impact your credit score.

And while there are specific financing options for such businesses, e.g. Amazon seller funding or FBA loans, those can be difficult to qualify for. They also sometimes take repayments from your daily sales, affecting your cashflow.

#### Import Financing Method #5: Transigo's Proprietary Solution

Recognizing the drawbacks of the above methods, Transigo's proprietary solution was created to give smaller import businesses all the advantages with none of the drawbacks. Our specialty is providing ecommerce and Amazon FBA businesses with ecommerce funding and ecommerce seller financing.

You only do a single repayment 60 to 120 days after you accept the goods, giving you ample time to stock and sell them. We don't collateralize your goods (nor do we deduct anything from your daily sales) and charge reasonable interest rates. On top of all that, our financing solution has zero effect on your credit score.

#### **What are the objectives of import finance?**

Import finance makes up the credit options which allow international traders to get rid of their cash flow issues. Essentially it **helps import traders to bring goods into the country and also helps to fund their business goals**. Based on regional context, it can also be called trade, inventory or stock finance.

#### **What are the 4 types of imports?**

##### **Types of imports**

- One-time import. This handles importing most profile information for both people and organizations. ...
- Recurring import. A list or filter shared by another nation can be imported using the recurring import. ...
- Voter file import. ...
- Ballot import. ...
- Scanned survey import. ...
- Donation import. ...
- Membership import.