

## Agenda

- Bulk trade business An overview
- Different elements of Sale Price and valuation Issues
- Typical business transactions / Models
- Problem Areas Issues in Import Exports & Refund
- RCM- Ocean freight
- Some ITC related pressing queries

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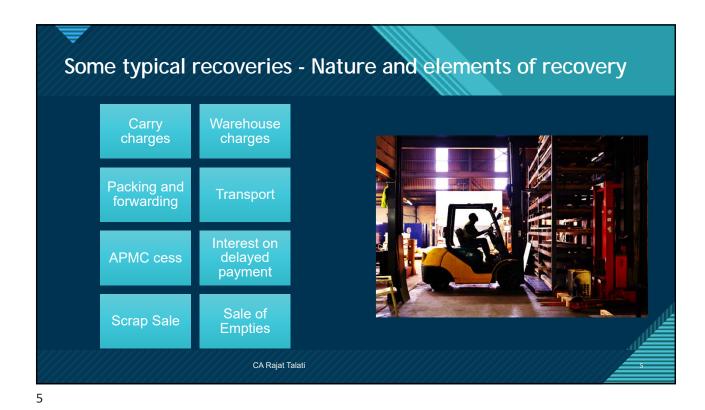
## Our view of bulk trade business • Large whole sellers • Agri produce – cotton, oil seeds, etc

- · Minerals and ores
- · Chemicals & gases
- · Liquid cargo in bulk in tanker / stored at tanks
- · Cement, steel etc
- Rail wagon loads/racks, charter ship, container loads
- Procurement from Agri produce from mandi, mines, large importers, Govt Agencies like cotton corp. of India, MMT, SAIL etc
- Indian entities / subsidiaries of MNC Large international players

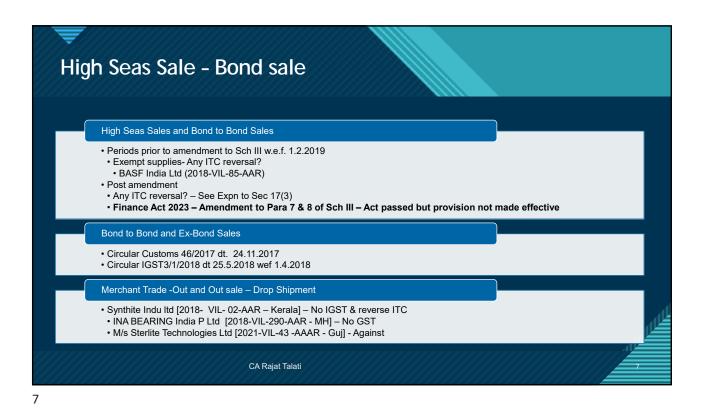
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# Transactions Transactions on Commodity Exchange Actual delivery – roll over How this takes place Square-off transaction Is it transaction in security? Washout transaction Compensation received/ paid Is it Act of tolerating an act? Cir – 178/2022 3.8.2022



Ex- tank delivery - Liquid cargo

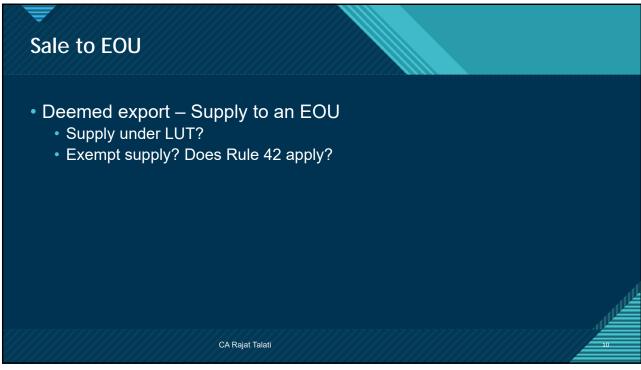
Ex- Tank delivery

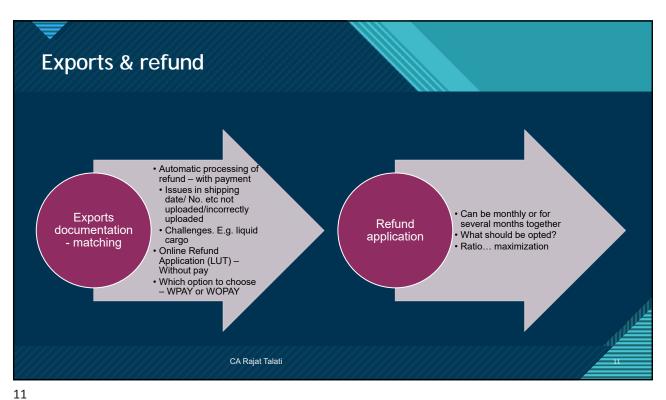
• Comingled goods
• Different suppliers – common storage
• POS? Sec 10(1)(c) – do not involve movement
• Sludge

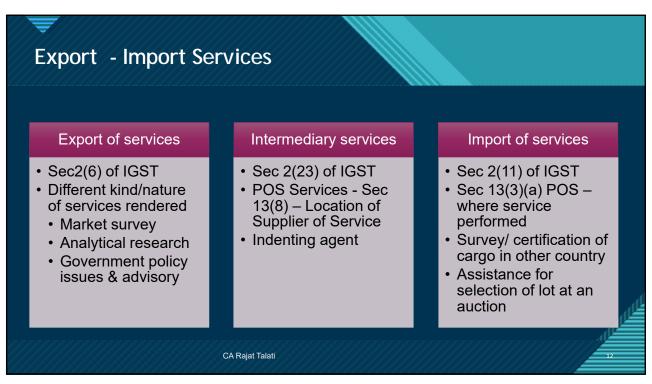
Ex- Tank delivery supplies

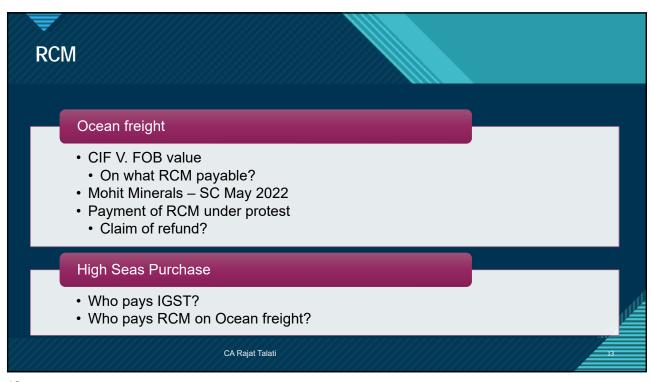
• Passing of property
• Business risk...security...Issue of delivery order supplies

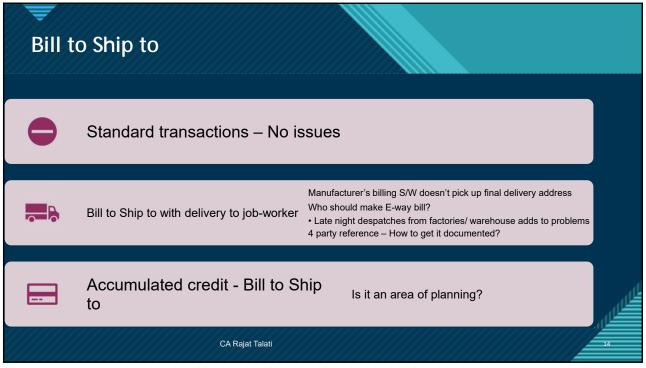












## Branding

- Unbranded cargo exempt e.g. green peas, wheat flour/Atta
  - Purchase of loose cargo from mandi & branding it
  - What is branding. Refer entry of Noti CTR 1/2017 "(ii)(a) The phrase "brand name" means brand name or trade name, that is to say, a name or a mark, such as symbol, monogram, label, signature or invented word or writing which is used in relation to such specified goods for the purpose of indicating, or so as to indicate a connection in the course of trade between such specified goods and some person using such name or mark with or without any indication of the identity of that person."
  - How about corporate logo being used?
- Unbranded cargo packed and sold to customer under his brand name
  - Would exemption continue in the hands of supplier?
  - What if miller [job-worker] is asked to pack in 3<sup>rd</sup> party brand?

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### **Bulk procurement**

- Central Purchase Order placed with a bulk supplier say MMTC/ CCI
  - Dispatches from warehouses across the country in different states
  - Invoices on HO who has raised PO or Invoices done individually from each warehouse
  - How to handle documentations
  - What if ultimate customer is in the same state from where despatches to take place

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# Imports – IGST paid on the Customs rate on date of import • Fluctuation in foreign exchange rate • Is IGST payable on differential? Can refund be asked? Post import discount • Is ITC to be reversed? • Is it import of service?

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# • Common Credit • Exempt V. taxable supplies • How to calculate common credit • For exempt supplies, for taxable supplies • What is common? • Should it be calculated on monthly basis? Should it be reviewed at year end? Rule 42(2) • What if exempt supplies only in few months? Should such ratio be reworked?



### **Export with pay**

- Reporting of transaction in GSTR 1
  - Consider : Export invoice dt.29.5.2022

Bill of lading dt.3.6.2022

In which month the transaction to be reported?

As per date of invoice or B/L date?

- Export procedure
  - Commercial invoice [provisional invoice] to enable filing of B/L
  - Filling of EGM
  - Completion of export

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## **Export with pay**

contd....

- Time of supply Sect 2(2) earlier of
  - Date of invoice
  - The date on which the supplier receives the payment with respect to the supply
- Sec. 31 tax invoice before or at the time of
  - Sec  $31(1)(a) \rightarrow$  removal of goods for supply to the recipient
  - Sec 31(1)(b) → delivery of goods or markup available

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