

EXIM App Documentation

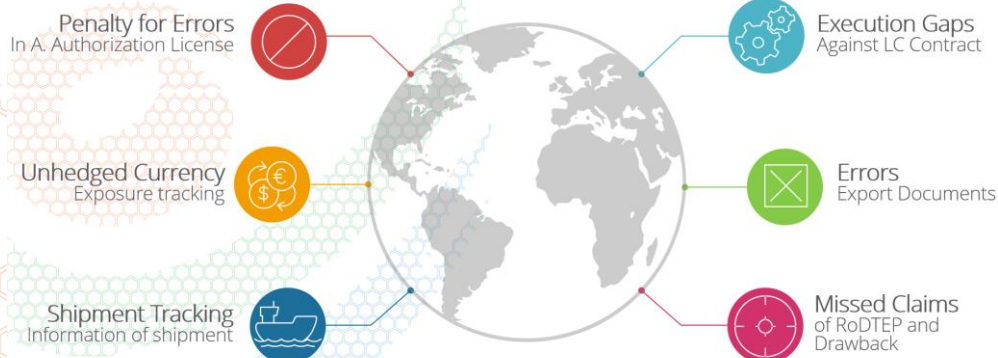
What is EXIM?

Exim in ERPNext typically refers to the process of importing and exporting data.

Execution gaps that are addressed in EXIM App

1. Execution gaps Against LC Contract
2. Errors in Export Documents
3. Missed Claims of RoDTEP and Drawback
4. Unhedged Currency
5. Penalty for Errors

Gaps while using ERPNext for Export-Import Conceptualization of Exim App



Execution gap Against LC Contract

Problem:

LC Contracts are the detailed contracts that are signed by you at the time of creating the Sales Order and after a month or two when the Goods are actually shipped, you are not able to remember what terms were you agreed upon even

after reading the document again and again and miss out on crucial points which leads to facing charges and penalties

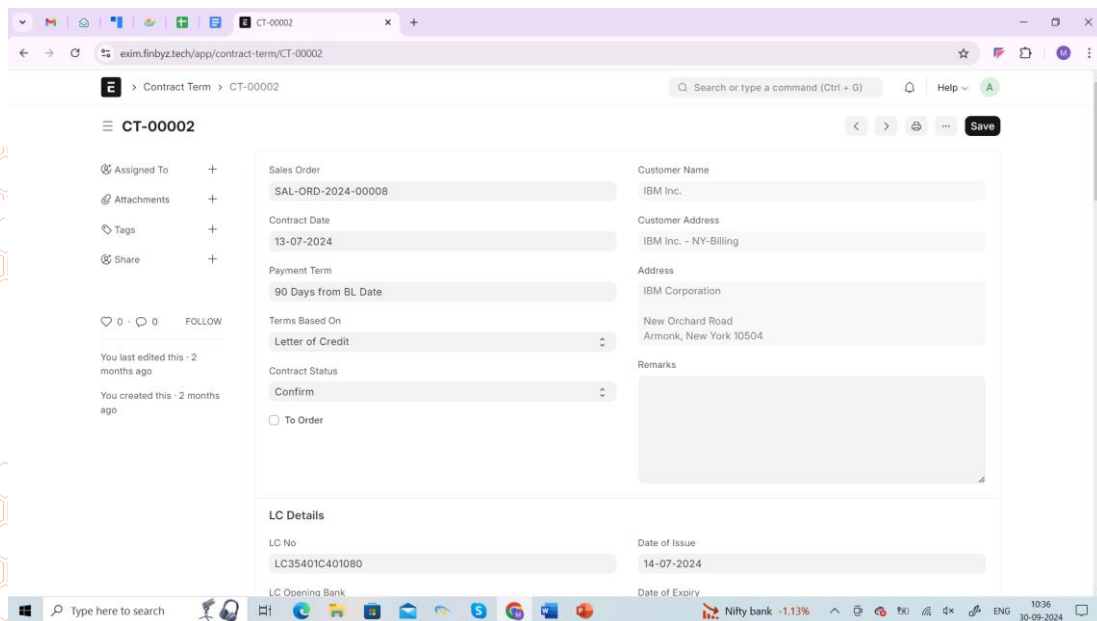
Solution:

Two things are mentioned into the LC

1. Documents Required
2. Specifics of Document

Steps:

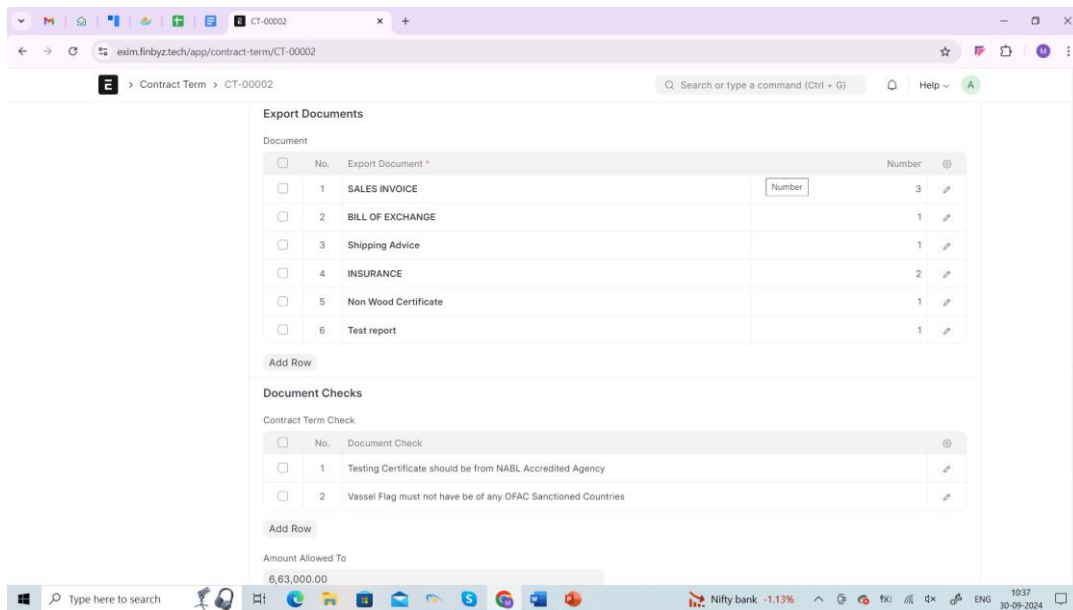
1. Go to the Contract Term Document
2. Enter all the LC details
3. Add reference to the Sales Order where you want to attach this
4. Add the required documents in the Export Documents table
5. Add Specifics of Documents in the Document Checks table



Contract Term Document (CT-00002) form details:

- Sales Order: SAL-ORD-2024-00008
- Contract Date: 13-07-2024
- Payment Term: 90 Days from BL Date
- Terms Based On: Letter of Credit
- Contract Status: Confirm
- Customer Name: IBM Inc.
- Customer Address: IBM Inc. - NY-Billing
- Address: IBM Corporation, New Orchard Road, Armonk, New York 10504
- LC No: LC35401C401080
- Date of Issue: 14-07-2024
- Date of Expiry: (Field present but empty)





At the time of creating an Invoice, you will get a reminder message to check Export Documents and Document Checks

Errors in Export Documents

Problem:

A lot of information on invoices is similar, but it's often just copied and pasted into Excel or Word documents. This method can lead to problems because if someone forgets to copy a detail, that mistake can carry over into future invoices. This creates unnecessary issues and can hurt your reputation. Plus, sometimes sensitive information that shouldn't be shared with clients accidentally gets sent to them.



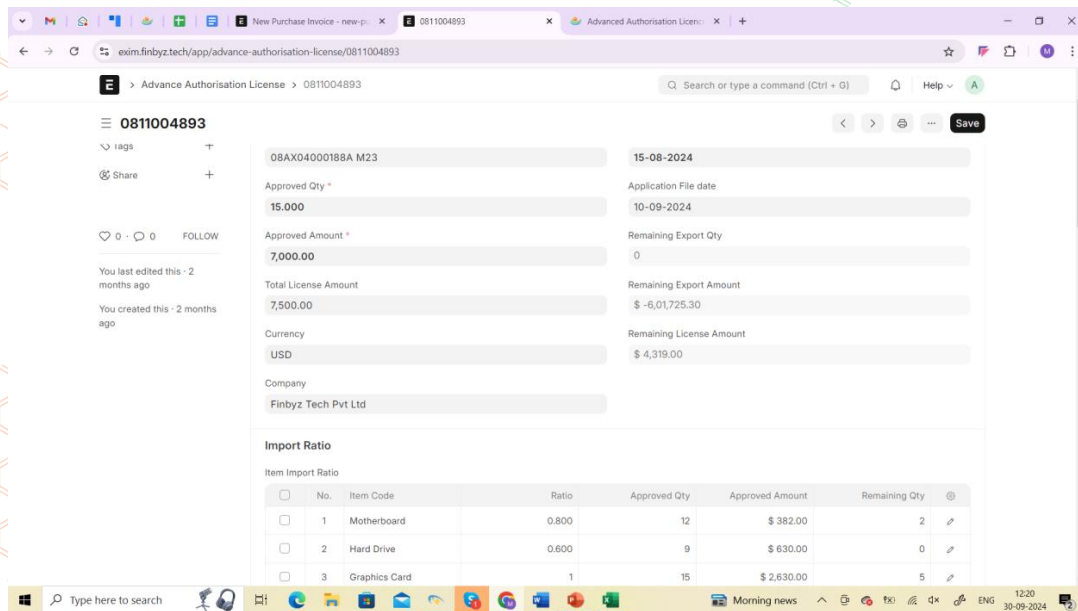
Managing Export Documentation in ERPNext



Solution:

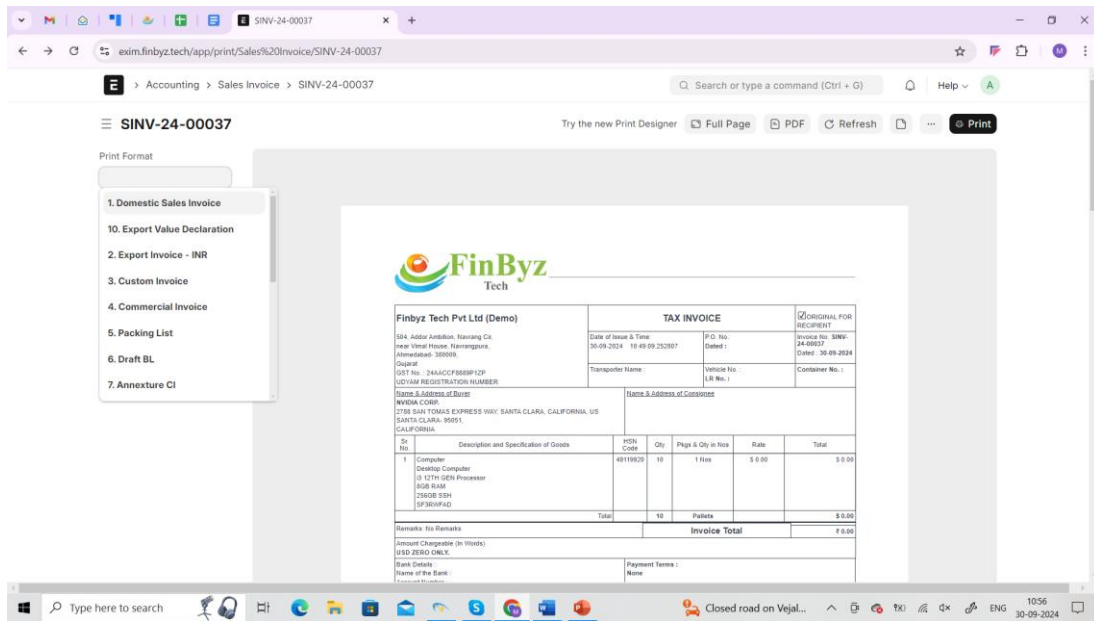
Steps:

1. Go to the EXIM section in Sales invoice doctype
2. Add all the details in the form



Item Code	Ratio	Approved Qty	Approved Amount	Remaining Qty
1 Motherboard	0.800	12	\$ 382.00	2
2 Hard Drive	0.600	9	\$ 630.00	0
3 Graphics Card	1	15	\$ 2,630.00	5

By providing the information in this form, you are both creating a record in the system and automatically generating documents, which helps prevent errors from copy-pasting. As a result, the essential details are already included in the invoice, and you only need to add any additional information.

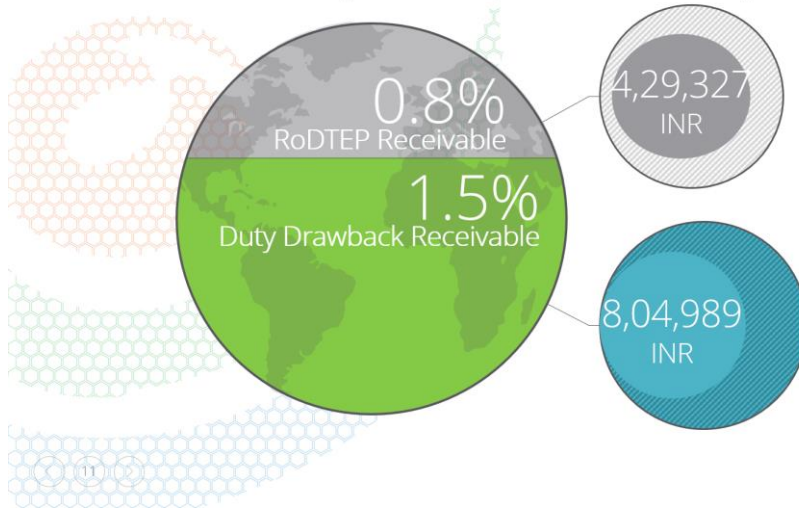


Missed Claims of RodTEP and Drawback

Problem:

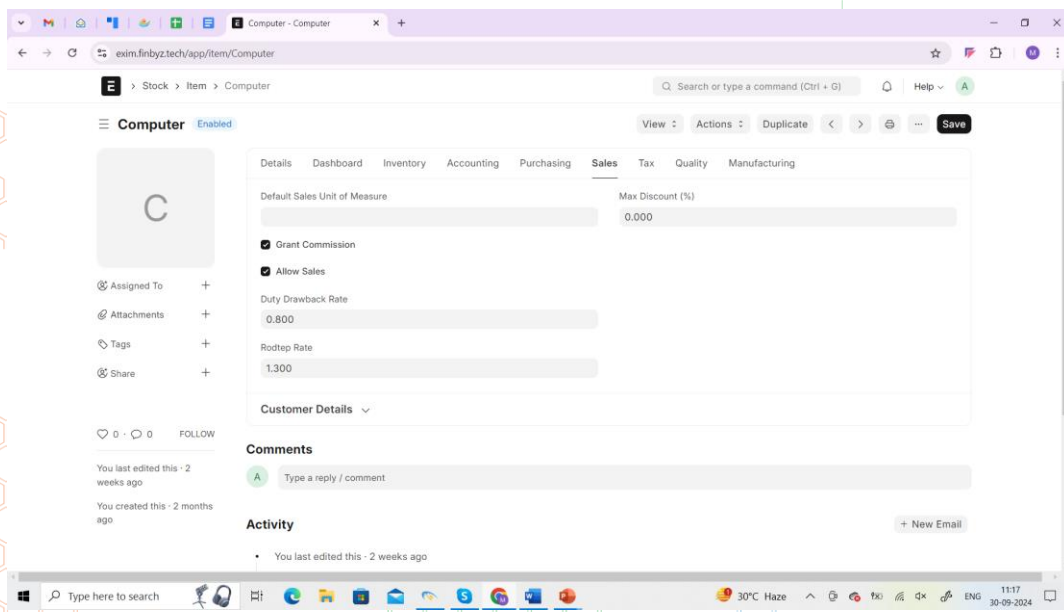
In export, you can benefit from various government incentives like RodTEP and Duty drawback. Additionally, if you handle invoices with duty payments correctly, you can receive a GST refund automatically, provided all documentation is in order. However, for RodTEP, you need to make a claim, which often requires someone in your accounts department to check whether it has been received. With busy schedules, it's easy for this task to be overlooked, and you may only realize months later that the drawback hasn't been received. This delay means that your funds are tied up with the government longer than anticipated, and there isn't an automated way to track these amounts in your balance sheet, making it difficult to see what is receivable and pending from the government.

Manage Export Scheme Benefits in ERPNext
 Mark government receivable check if claim is processed

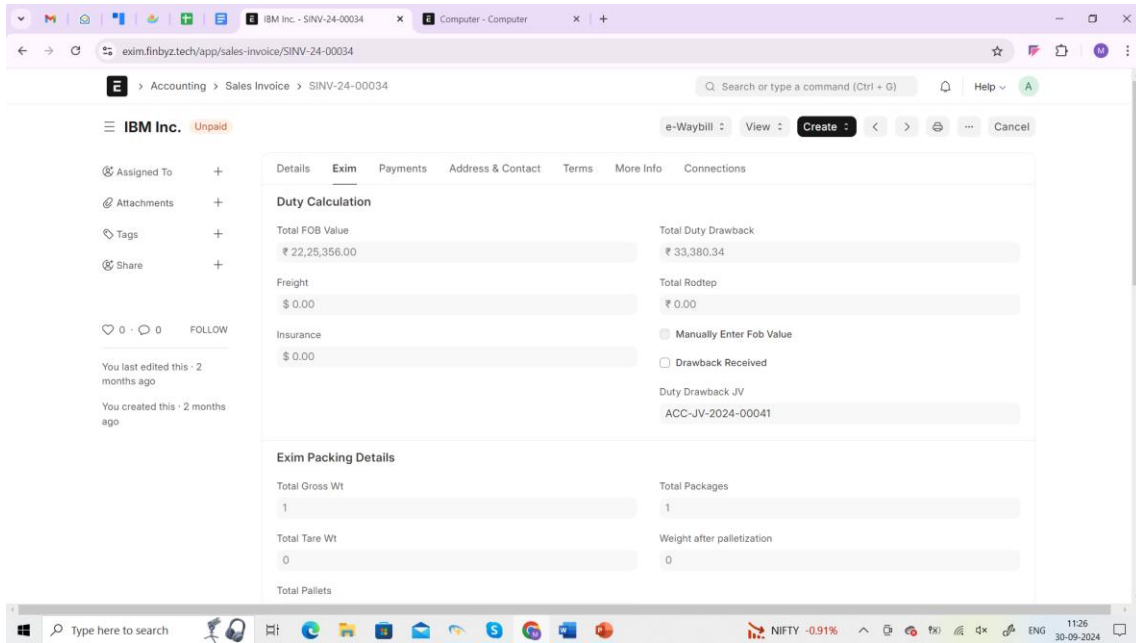


Solution:

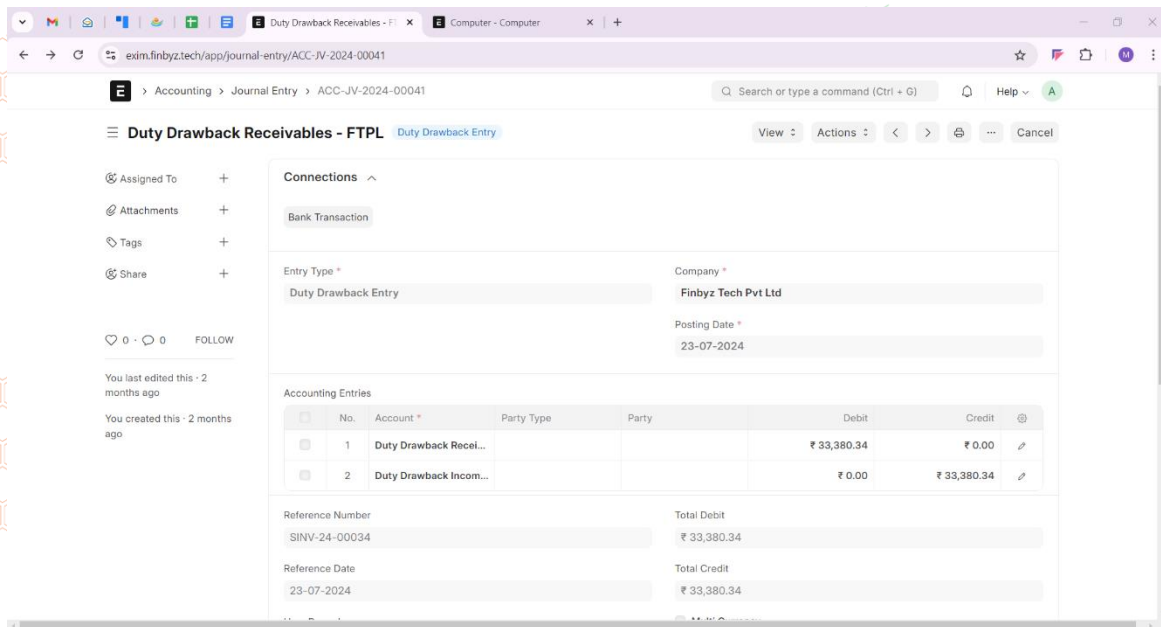
1. Input Details: Enter the receivable amount, RoDTep rate, and Duty drawback rate directly into the item master for your product.



2. Automatic Capture: When you create an invoice for this item, the system automatically pulls in the RoDTEP and Duty drawback rates. It then calculates the respective values based on these rates.



3. **Journal Entries:** When you submit the invoice, the system automatically generates journal entries (JVs) for both RoDTep and Duty drawback. These entries reflect the amounts receivable from the government and appear on your balance sheet.



4. **Prepare Claims:** To claim these amounts from the government, create a customs document. You'll select the period for your RoDTep claim, and the system will gather all relevant entries and amounts for you.

5. **Submit Claim:** Once the claim is ready, you submit it to the government. When the claim is approved, you'll receive a script number and the corresponding amount.
6. **Capture License:** The script number and license received from the government are recorded in the system. You can use this license for importing goods or sell it for cash.
7. **Payment Tracking:** The system automatically marks the invoice as paid once you receive the Duty drawback or RoDTep claim. You can check which claims are still pending, making it easier to follow up with your team.
8. **Impact on Working Capital:** Be mindful that missing a claim or delaying it can significantly affect your cash flow, especially for large invoices, like one for example \$650,000. Keeping track of these claims is crucial for maintaining healthy working capital.

By following these steps, you can ensure that you're efficiently managing your claims and receivables from the government!

Unhedged Currency

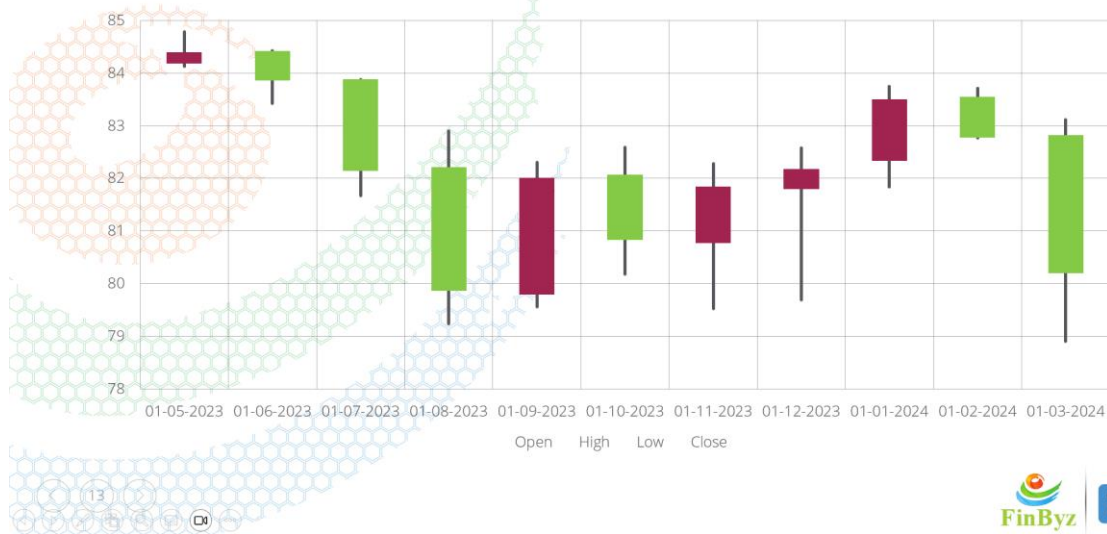
Problem:

Unhedged currency refers to dealing with foreign exchange, especially when you're exporting goods. The problem is that exchange rates, like the USD, can change a lot. You can protect yourself from these fluctuations by using a forward contract.

However, clients often faced issues, such as using the wrong forward contract for their payments or forgetting about contracts that were about to expire. When that happens, banks might cancel the incorrect contract, resulting in a loss of money due to cancellation fees.

Forward Contract

Manage Currency Fluctuation Risk

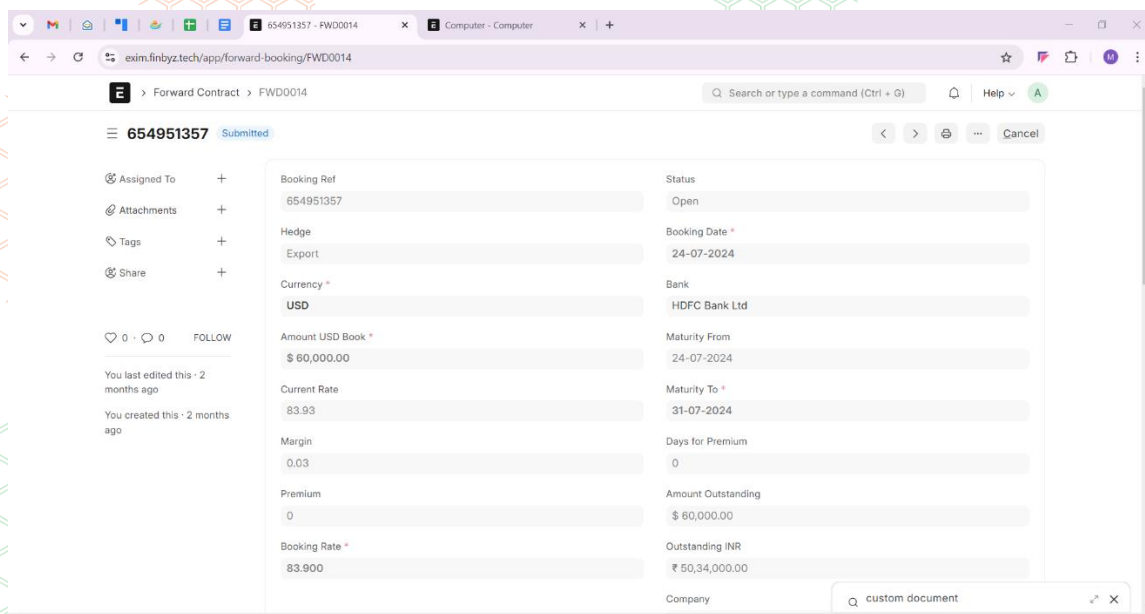


Solution:

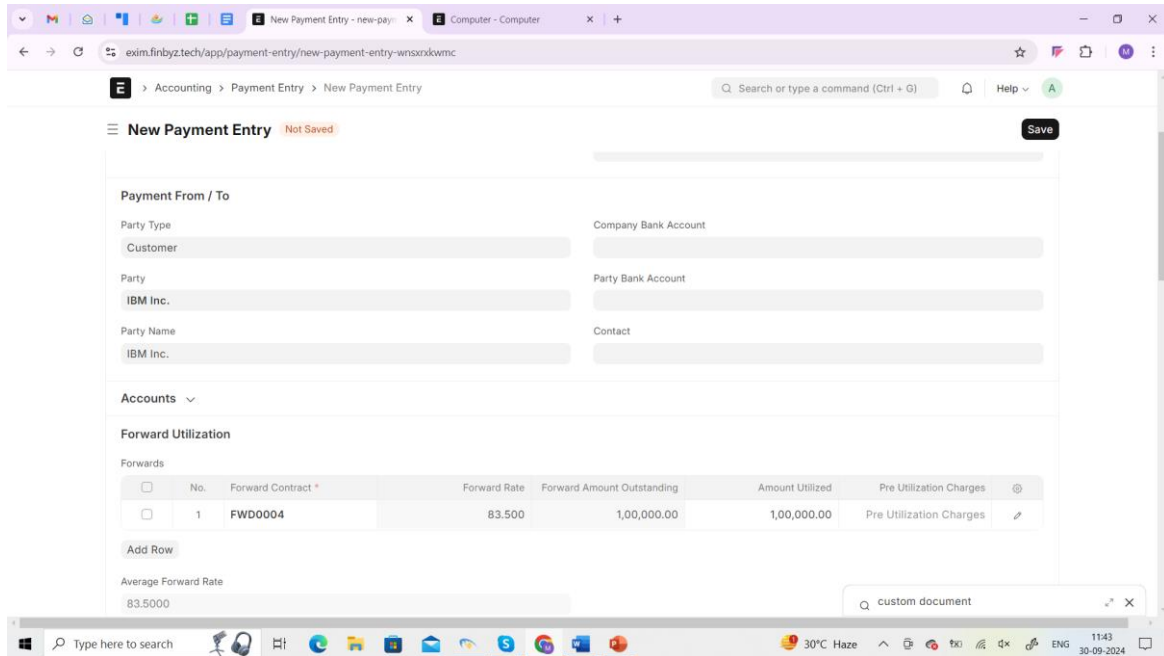
To solve these challenges, instead of keeping track of forward contracts in a separate Excel file, we created a dedicated forward contract document within the system. This way, everything is organized and easier to manage, helping clients avoid mistakes and losses.

Steps:

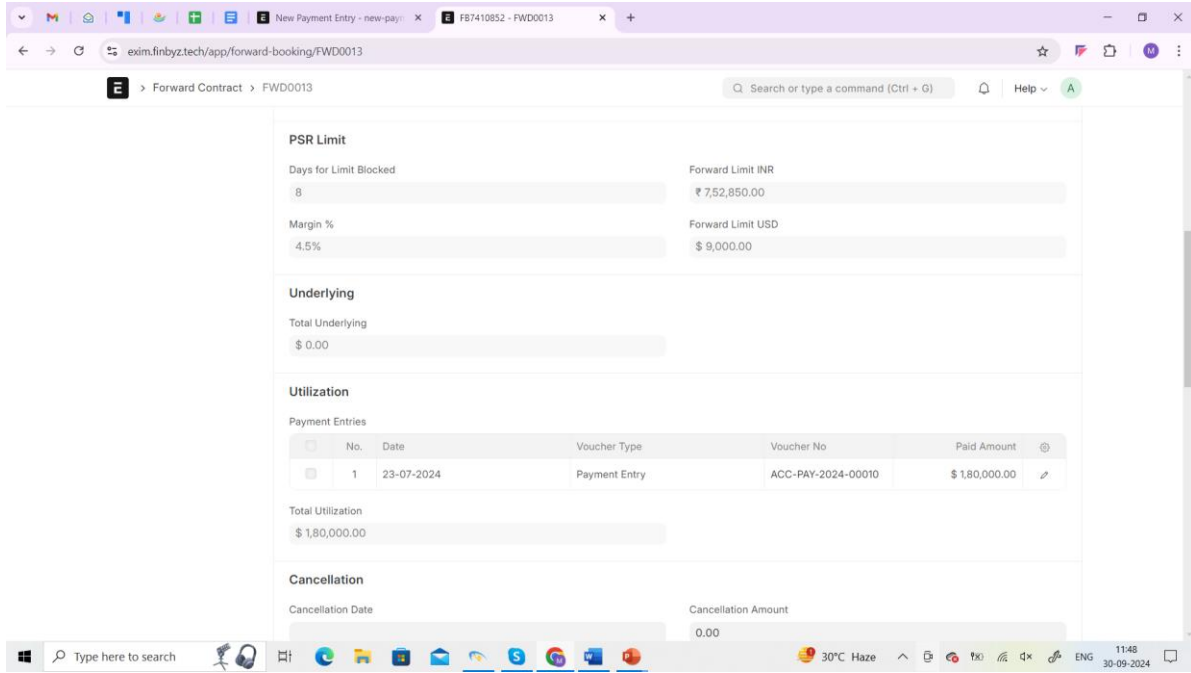
1. Add all the forward contracts in the forward contract document



2. Now, this will be utilized at the time of Payment Entry in the system
3. When at the time of Payment Entry, in the Forward Utilization section just select the option in the Forward Contract from the list



Now, when you utilize the forward contract option in the transaction it will be automatically marked as utilized and if any amount is pending there is also a possibility of cancelling this particular forward contract by choosing the cancellation rate and a JV will be automatically created and marked into the system for your exchange rate gain or loss



PSR Limit

Days for Limit Blocked: 8

Forward Limit INR: ₹ 7,52,850.00

Margin %: 4.5%

Forward Limit USD: \$ 9,000.00

Underlying

Total Underlying: \$ 0.00

Utilization

Payment Entries

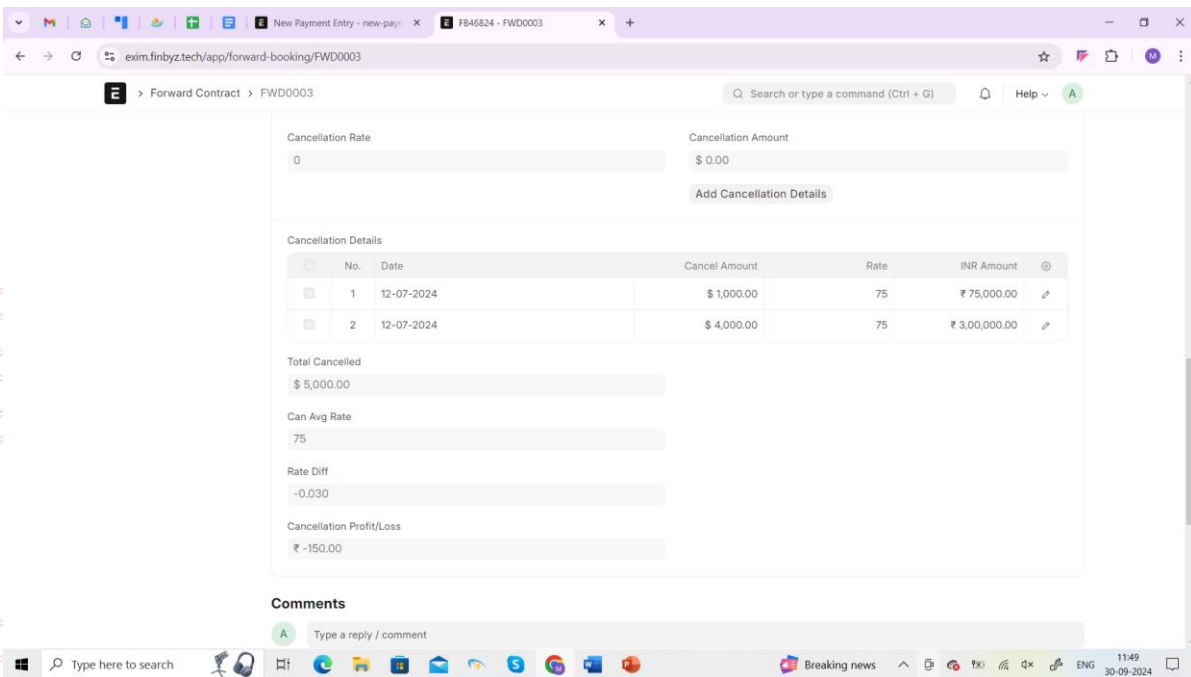
No.	Date	Voucher Type	Voucher No	Paid Amount
1	23-07-2024	Payment Entry	ACC-PAY-2024-00010	\$ 1,80,000.00

Total Utilization: \$ 1,80,000.00

Cancellation

Cancellation Date:

Cancellation Amount: 0.00



Cancellation Rate: 0

Cancellation Amount: \$ 0.00

Cancellation Details

No.	Date	Cancel Amount	Rate	INR Amount
1	12-07-2024	\$ 1,000.00	75	₹ 75,000.00
2	12-07-2024	\$ 4,000.00	75	₹ 3,00,000.00

Total Cancelled: \$ 5,000.00

Can Avg Rate: 75

Rate Diff: -0.030

Cancellation Profit/Loss: ₹ -150.00

Comments

Type a reply / comment

Notification: You can also create the notification into the system which reminds you of forward maturity before a certain duration

Penalty for Errors

Problem:

When you're involved in both importing and exporting, you have a great opportunity to save on import duties. You can declare that you're importing items as raw materials for products you plan to manufacture and then export. To do this, you need an Advance Authorization License from the government. This license requires you to specify both the quantity and value of the materials you'll be importing and the products you'll be exporting.

It's crucial to stick to the quantities you declared. If you import more or less than what you stated, it can lead to financial penalties and other issues.

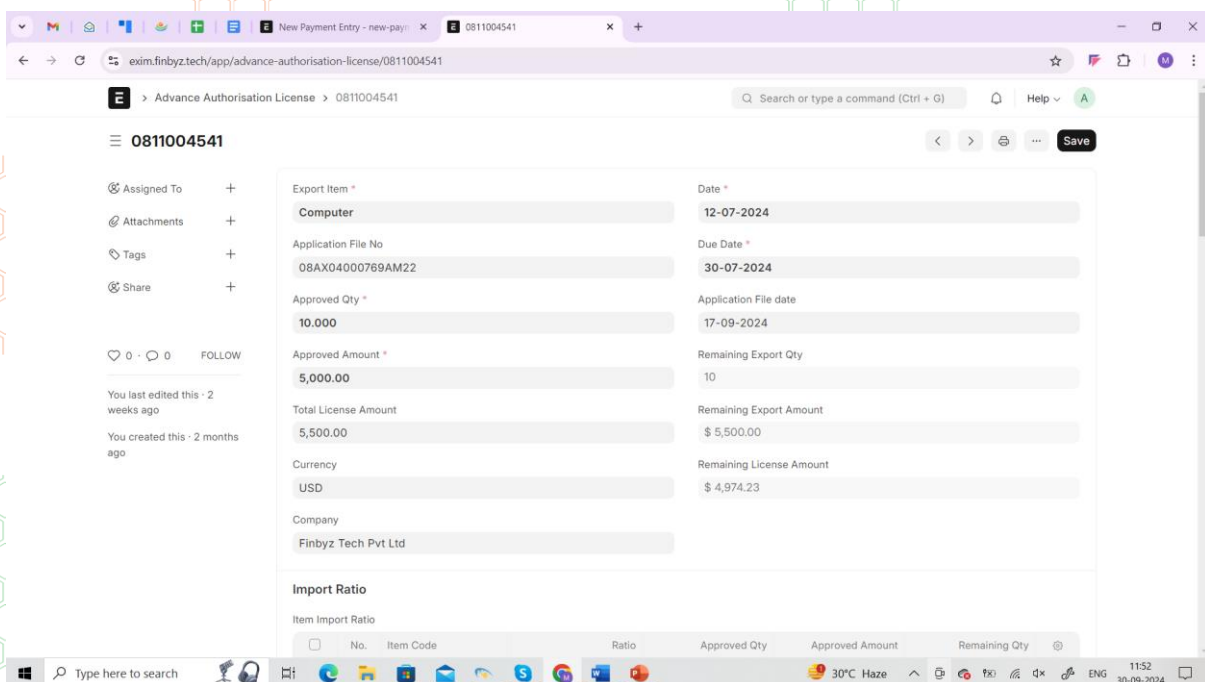
One common problem clients face is ensuring that they correctly reference the Advance Authorization License in their export documents. Sometimes, they accidentally copy and paste information from previous documents, which can cause complications later on. Keeping everything accurate is essential to avoid problems down the line.

Solution:

To avoid this problem a separate document is created named Advanced Authorization License

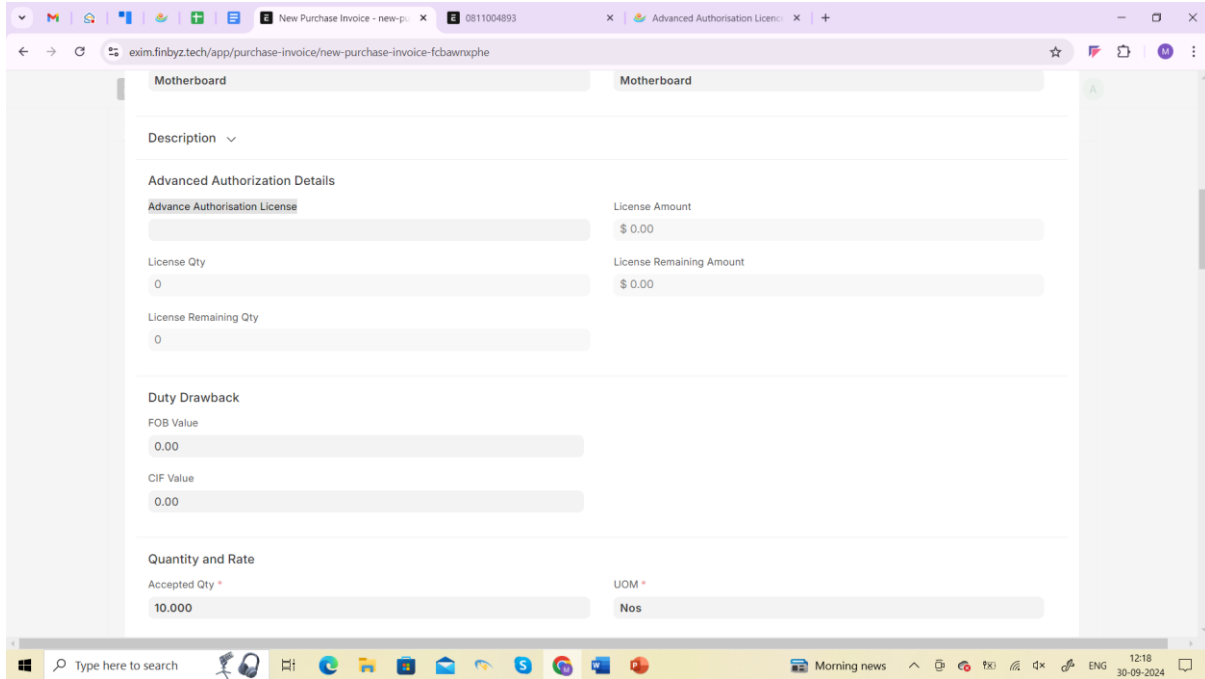
Steps:

1. Add the details

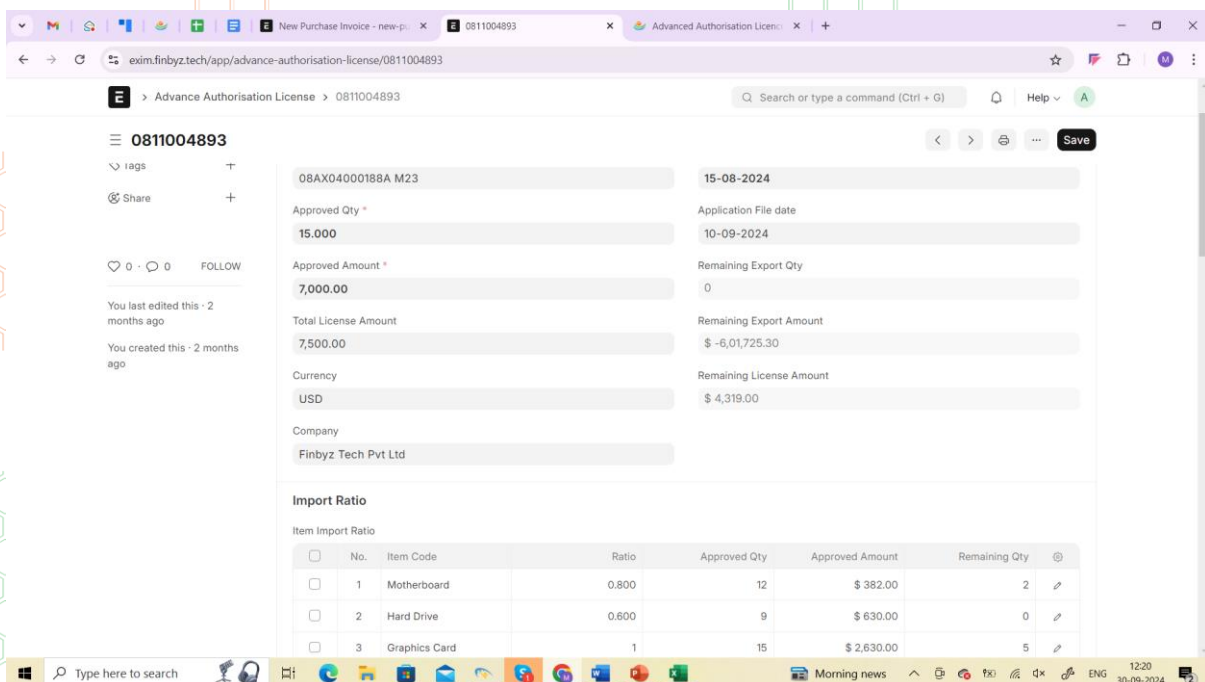


No.	Item Code	Ratio	Approved Qty	Approved Amount	Remaining Qty

2. Now, at the time of import or export just add the reference of the license no. and if your license has sufficient qty or amount available then the invoice will be submitted otherwise an error will be shown



3. Each time you utilize, the system will tracking the spendings automatically



Key features that are covered in the EXIM App

1. Contract Terms (LC)
2. Export Documents
3. Export Benefits
4. Forward Contract
5. Advance Authorization

Key Features of Exim (Export-Import) Module

