

Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme

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This is one such reform, based on the globally accepted principle that taxes and duties should not be exported, and taxes and levies borne on the exported products should be either exempted or remitted to exporters.

The government had decided to discontinue MEIS--its largest export promotion scheme--after the WTO said it distorted trade by providing direct subsidies. The organization, in November 2019, ruled against India in its trade dispute with the US and asked it to stop all export promotion schemes within four months.

Finance Minister Nirmala Sitharaman announced in September, 2019 that RoDTEP would replace MEIS for all goods exports. Consequently, the RoDTEP Scheme was approved by the Union Cabinet on 13th March 2020 and it came in effect from 1st January 2021 and will be until 2025.

There was no rate announcement till that date..Now it is going to be a game changer.

There is refund of Duties/ taxes/ levies, at the Central, State & local level, borne on the exported product, including prior stage cumulative indirect taxes on goods & services used in production of the exported product, and

- Such indirect Duties/ taxes/ levies in respect of distribution of exported products.

Categorically: The RoDTEP Scheme aims to refund all those hidden taxes and levies, For example:

- Central & state taxes on the fuel (Petrol, Diesel, CNG, PNG, and coal cess, etc.) used for transportation of export products.
- The duty levied by the state on electricity used for manufacturing.
- Mandi tax levied by APMCs.
- Toll tax & stamp duty on the import-export documentation. Etc.

It will be available to eligible exporters at a notified rate as a percentage of Freight On Board (FOB) value. Rebate on certain export products will also be subject to value cap per unit of the exported product.

This is to be implemented by Customs through a simplified IT System. Rebate will be issued in the form of a transferable **duty credit/ electronic scrip (e-scrip)** which will be maintained in an electronic ledger by the Central Board of Indirect Taxes & Customs (CBIC)

However it may be noted that rebate under the Scheme shall not be available in respect of duties and taxes already exempted or remitted or credited.

It will cover 8555 tariff lines, or individual merchandise products traded by India internationally. Exporters would be given tax rebates, in the range of 0.5-4.3 percent.

Example: Appendix 4R 17 08 2021.

1905 BREAD, PASTRY, CAKES, BISCUITS AND OTHER BAKER'S WARES, WHETHER OR NOT CONTAINING COCOA; COMMUNION WAFERS, EMPTY CACHETS OF A KIND SUITABLE FOR PHARMACEUTICAL USE, SEALING WAFERS, RICE PAPER AND SIMILAR PRODUCTS- 1.0%

5201 COTTON, NOT CARDED OR COMBED -3.1%

5007 Woven fabrics of silk or of silk waste- 1.7%

8505 ELECTRO-MAGNETS; PERMANENT MAGNETS AND ARTICLES INTENDED TO BECOME PERMANENT MAGNETS AFTER MAGNETISATION; ELECTRO-MAGNETIC OR PERMANENT MAGNET CHUCKS, CLAMPS AND SIMILAR HOLDING DEVICES; ELECTRO-MAGNETIC COUPLINGS, CLUTCHES AND BRAKES; ELECTROMAGNETIC LIFTING HEADS – 0.8%

8507 ELECTRIC ACCUMULATORS, INCLUDING SEPARATORS THEREFOR, WHETHER OR NOT RECTANGULAR (INCLUDING SQUARE) – 0.8%

8507 20 00 Other lead-acid accumulators 0.8%

8507 60 00 Lithium-ion 2%

Employment-oriented sectors like marine, agriculture, leather, gems and jewellery are covered under the scheme. Other segments like automobile, plastics, electrical / electronics, machinery are also getting the support.

According to the guidelines, certain categories which would not avail the benefits include export goods which are subject to minimum export price, restricted and prohibited items, deemed exports, supplies of goods manufactured by domestic tariff area units to SEZs, and products manufactured or exported by units situated in special economic zone.

There are the four mandatory steps to avail the benefits under RoDTEP Scheme as follows – with the documents available as follows

- Class 3 DSC
- Shipping bills
- Valid RCMC Copy

1. **Declaration in the Shipping Bills** - It is mandatory for the exporters to indicate in their Shipping Bill whether or not they intend to claim RoDTEP on the export items from 01/01/2021. Unlike Drawback, there will be no need to declare any separate code or schedule serial number for RoDTEP.

2. **ICEGate registration-** The exporter has to register on ICEGate to get the login Id and Password with the help of an Email id, Mobile number, and with an Import-Export Code.
3. **Creation of the RoDTEP Credit Ledger-**To avail of the benefits under RoDTEP exporter has to create first the RoDTEP credit ledger account by logging onto the ICEGate portal i.e. on using Class 3 DSC. There would be the following information available in the ledger account –Scroll Details, Scrip Details, Transaction Details, Transfer Scrips, Approved Scrips Transfer
4. **Application procedure and generating the scrips** -An application shall be filed online using Class 3 Individual type Digital signature Certificate on ICE Gate Website (<https://www.icegate.gov.in/>). The refund under RoDTEP Scheme would be in the form of duty credit which will be transferable, or it may be in the form of electronic scrip which will be maintained in the electronic ledger.

Note: Complete operational procedure yet to be notified by the Government, the CBIC will notify it soon.

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