

TAX FLASH NEWS

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Government constitutes Committee for export incentives under the RoDTEP Scheme

The Government had earlier announced that various incentives on the export of goods would be subsumed in the new Scheme named as “Remission of Duties and Taxes on Exported Products” (RoDTEP).

To implement the Scheme, the Government has formed RoDTEP committee. The Committee has been tasked to:

- Interact with the ministries, export promotion councils, trade boards and other stakeholders to solicit views on the ceiling rates under this Scheme; and
- Work out on modalities for calculation of duties/ taxes/ levies at Central, State and Local level borne including prior stage cumulative indirect taxes used in the production of the exported product and such indirect taxes in respect of the distribution of export products.

The Committee will be required to submit the report within three months from the identification and prioritization of sectors/items by the Government. A supplementary report, if required may also be submitted after submission of the main report.

The RoDTEP committee has started its exercise of determining the ceiling rates for export incentives and have requested detailed data/information in the specified formats from the industry, trade bodies etc. A summary of the data requirement is encapsulated below:

S No	Aspect	Details
1	Period	– Respective data is required for the period starting from October 2019 to March 2020.
2	Coverage	<ul style="list-style-type: none"> – Information shall be provided in three templates, namely R1, R2 and R3. – These templates require particulars of each exported product, details of corresponding inputs along with the taxes/ duties forming part of the exported product. – Taxes/duties/ levies borne on the exported product (except which are reimbursed) are considered for calculating the benefit, e.g.: <ul style="list-style-type: none"> o taxes and duties incurred on fuel used for transportation of inward and export products o Electricity duty paid (net of incentive) o Stamp duty paid (except relating to land and immovable property) o Embedded GST on inputs used in the transport sector o Embedded GST in purchases from unregistered dealer o Blocked credits (Credit not eligible etc.)
3	Documents	The data should be supported by copies of relevant documents such as: <ul style="list-style-type: none"> – Tax invoices of inputs – Shipping bills of export product – State government notifications regarding taxes/levies like electricity duty, mandi tax etc.
4	Certification	– Certification by the manufacturer/ merchant exporter and Chartered Accountant/ Cost Accountant

Our comments

- The RoDTEP Scheme has been launched to avoid any fallout of the WTO decision and make the incentives compliant to the WTO regulations.
- The scope of taxes under this Scheme is very comprehensive and wide enough to cover multiple taxes (paid by various stockholders i.e. manufacturer, supplier, transporter etc.) with the objective to nullify the indirect tax incidence on exported products. This shall provide a respite to the industry and increase the export competitiveness of the Indian products.
- However, compilation of detailed data and information will be a time-consuming exercise for the industry, especially in COVID scenario, and it might be challenging to complete this task in the given time-frame.

KPMG in India addresses:

Ahmedabad

Commerce House V, 9th Floor,
902, Near Vodafone House, Corporate
Road,
Prahlad Nagar,
Ahmedabad – 380 051.
Tel: +91 79 4040 2200

Bengaluru

Embassy Golf Links Business Park,
Pebble Beach, 'B' Block,
1st & 2nd Floor,
Off Intermediate Ring Road, Bengaluru –
560071
Tel: +91 80 6833 5000

Chandigarh

SCO 22-23 (1st Floor),
Sector 8C, Madhya Marg,
Chandigarh – 160 009.
Tel: +91 172 664 4000

Chennai

KRM Towers, Ground Floor,
1, 2 & 3 Floor, Harrington Road,
Chetpet, Chennai – 600 031.
Tel: +91 44 3914 5000

Gurugram

Building No.10, 8th Floor,
DLF Cyber City, Phase II,
Gurugram, Haryana – 122 002.
Tel: +91 124 307 4000

Hyderabad

Salarpuria Knowledge City,
6th Floor, Unit 3, Phase III,
Sy No. 83/1, Plot No 2, Serilingampally
Mandal,
Ranga Reddy District,
Hyderabad – 500 081.
Tel: +91 40 6111 6000

Jaipur

Regus Radiant Centre Pvt Ltd.,
Level 6, Jaipur Centre Mall,
B2 By pass Tonk Road,
Jaipur – 302 018.
Tel: +91 141 - 7103224

Kochi

Syama Business Centre,
3rd Floor, NH By Pass Road,
Vytilla, Kochi – 682 019.
Tel: +91 484 302 5600

Kolkata

Unit No. 604,
6th Floor, Tower – 1,
Godrej Waterside,
Sector – V, Salt Lake,
Kolkata – 700 091.
Tel: +91 33 4403 4000

Mumbai

1st Floor, Lodha Excelus,
Apollo Mills,
N. M. Joshi Marg,
Mahalaxmi,
Mumbai – 400 011.
Tel: +91 22 3989 6000

Noida

Unit No. 501, 5th Floor,
Advant Navis Business Park,
Tower-A, Plot# 7, Sector 142,
Expressway Noida,
Gautam Budh Nagar,
Noida – 201 305.
Tel: +91 0120 386 8000

Pune

9th floor, Business Plaza,
Westin Hotel Campus, 36/3-B,
Koregaon Park Annex,
Mundhwa Road, Ghorpadi,
Pune – 411 001.
Tel: +91 20 6747 7000

Vadodara

Ocean Building, 303, 3rd Floor,
Beside Center Square Mall,
Opp. Vadodara Central Mall,
Dr. Vikram Sarabhai Marg,
Vadodara – 390 023.
Tel: +91 265 619 4200

Vijayawada

Door No. 54-15-18E,
Sai Odyssey,
Gurunanak Nagar Road, NH 5,
Opp. Executive Club, Vijayawada,
Krishna District,
Andhra Pradesh – 520 008.
Tel: +91 0866 669 1000

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