

TAX FLASH NEWS

18 August 2021

RoDTEP scheme guidelines and rates notified

Central Government has amended Foreign Trade Policy 2015-20 to notify¹ the scheme for Remission of Duties and Taxes on Exported Goods (RoDTEP) with immediate effect.

The objective of the scheme is to refund the indirect tax levies on exported product which are not refunded. This includes prior stage cumulative indirect taxes on goods and services used in production and distribution of exported products.

Gist of the scheme

A. Duration

- Scheme will be effective for exports from 1 January 2021;
- Date of implementation for certain exports under export promotions schemes will be decided later;

B. Nature of Rebate

- Rebate would be in the form of transferable duty credit / electronic scrip (e-scrip) and can be used for payment of basic customs duty;
- E-scrips will be maintained in an electronic ledger by CBIC;
- Rebate will not be available in respect of duties and taxes already exempted or remitted or credited;

C. Rates

- Eligible export items, rates and per unit caps are prescribed in Appendix 4R of the notification :
 - Appendix 4R covers 8,555 tariff items
 - Rate of rebate ranges between 0.01% to 4.3% of FOB
- For certain items, fixed quantum of rebate amount per unit is notified;

D. Ineligible Category

- Export of imported goods covered under para 2.46 of FTP 2015-20
- Export through transshipment
- Export products which are subject to minimum export price or export duty
- Restricted and prohibited exports under Schedule 2 of the Export Policy in ITC (HS)
- Deemed exports; supplies of products manufactured by DTA units to SEZ/FTWZ units
- Products manufactured in EHTP and BTP / wholly or partly in a warehouse under section 65 of the Customs Act
- Products manufactured or exported in discharge of export obligation against Advance Authorisation (AA) or Duty Free Import Authorisation or Special AA issued

¹ Ministry of Commerce and Industry, Notification No. 19/2015-2020 dated 17 August 2021

- Products manufactured or exported by a unit licensed as hundred percent EOU
- Products manufactured or exported by any of the units situated in Free Trade Zone or Export Processing Zones or Special Economic Zones
- Exports under notification no. 32/1997- Customs dated 1 April 1997 (i.e. goods imported for execution of an export order placed on the importer by the supplier of goods for jobbing)
- Exports from non-EDI ports and exports for which electronic documentation in ICEGATE EDI is not generated
- Goods which have been taken into use after manufacture

E. Restriction/Recovery

- Rebate is subject to the receipt of sale proceeds within the time allowed under the Foreign Exchange Management Act, 1999, though not dependent on realization at the time of issue of rebate;
- Penalty and recovery would be initiated in cases of fraud, misuse and non-realization of foreign exchange;

Our comments

The much-awaited scheme guidelines and rates have finally been notified which will boost the exporters. The rates seem to be lower compared to earlier MEIS scheme. For few sectors like pharma and chemicals, no rates have been notified. The exact procedure with regards to manner and time period for application, record keeping and other matters are awaited.



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