

# REMISSION OF DUTIES OR TAXES ON EXPORT PRODUCTS (RoDTEP)



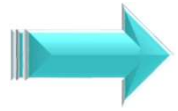
# -Table of Contents-

1. Introduction
2. Features
3. Key Differences
4. Ineligible Export
5. Declaration
6. Undertaking
7. Procedure
8. Scroll Generation / Automatic Generation
9. Validity of Scrip
10. Transferability of e-scrip
11. Automatic Registration of E Scrip
12. Recovery of Amounts
13. Scroll Generation Due Dates
14. Benefit calculation & processing for retrospective & prospective

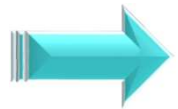
# Introduction

- **The Remission of Duties or Taxes on Export Products (RoDTEP)** Scheme was effective from 01<sup>st</sup> January 2021. It aims to reimburse duties/taxes/levies at central, state and local level borne by the exporter.
- However, the RoDTEP rates were notified on 17 August 2021 vide Notification 19/2015-2020
- The rebate shall be claimed as percentage of FOB value of exports as prescribed in Appendix 4R annexed to Notification 19/2015-2020
- It is a scheme that replaces the existing MEIS (Merchandise Exports from India Scheme) scheme for the export of goods from India and add more revenue incentives for exporter.
- RoDTEP scheme will be monitored by Ministry of Finance and administered by Department of Revenue

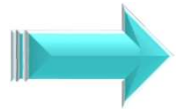
# Features



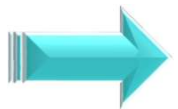
Presently only 30% of total actual indirect taxes incurred by the exporter are refunded through existing MEIS scheme.



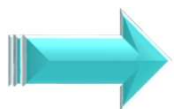
As per the WTO rules, certain duties like state taxes on power, oil, water, fuel are allowed to be refunded.



In this backdrop, RoDTEP scheme is framed in accordance with the WTO guidelines which reimburses the duties/taxes/levies, at central, state and local level, which are currently not being refunded under any mechanism, but which are incurred in the process of manufacture and distribution of exported goods. These taxes will be reimbursed through RoDTEP scheme.



Taxes include VAT, Central Excise duties on fuel used for transportation, electricity duties which are now getting reimbursed under RoDTEP scheme.



Earlier the incentives were provided in the form of hard copies of transferable Scrip, but this new scheme aims at creating an electronic credit ledger in the Customs system which enables digital refund to exporter.

# Key differences between MEIS & RoDTEP

Aspect	MEIS	RoDTEP
FTP	Benefit given as export incentive under Chapter 3 of FTP	Benefit given under the Duty Exemption Scheme under Chapter 4 of FTP
Products	Almost all products were covered under MEIS	Few sectors i.e., Pharmaceuticals, Steel and Chemicals are not covered in the scheme as of now
Schema of Incentives	Additional Incentive on Exports of goods apart from other refunds and drawbacks available on undertaking the said exports	Refund of Indirect taxes on Inputs used in the manufacture of exported product which is not being currently reimbursed by any other existing schemes
Restriction	MEIS was broad based scheme which was available to SEZ, EOU, MOOWR, Advance Authorization holder etc.	RoDTEP is very restrictive and SEZ, EOUs, advance authorization holders, MOOWR etc. have been covered in the ineligible categories with an option for some of these to confer benefit in future

# Key differences between MEIS & RoDTEP

Aspect	MEIS	RoDTEP
Net impact	The benefit under MEIS for majority of sector was significant compared to RoDTEP and helped a lot to exporters to become competitive in the international market.	The benefit under RoDTEP is very restrictive and, in many sectors, may have adverse impact on the export competitiveness of the Indian Exporters.
WTO Compliance	Non-Compliant with WTO trade norms Compliant with WTO trade norms	Non-Compliant with WTO trade norms Compliant with WTO trade norms
Incentive Percentage	2% to 5% of FOB value of Exports.	The benefit ranges between 0.01 to 4.3% of FOB. However, in majority of the products, benefit under RoDTEP is substantially lower (may be less than 50%) than MEIS benefit.
Mode of Issuance	Issuance in the form of transferable scrips (Hardcopy/ downloadable)	Issuance in the form of transferable duty credit/ electronic scrip which will be maintained in e-ledger.

# Key differences between MEIS & RoDTEP

Aspect	MEIS	RoDTEP
Transferability	Freely Transferable	Freely Transferable
Country Specific	The quantum of benefit depended upon the country of exports. Exports to some of the countries were not entitled for benefit	There are no country specific restrictions. Exports to all the Countries are covered in the Scheme benefit
Scheme Applicability	The scheme allow exporters benefit up to 5%	The benefit under this scheme is available to all manufacturers and exporters of goods manufactured in India
Manner of claiming benefit	Filing of separate application	Not yet notified by CBIC, Department of Revenue

# Key differences between MEIS & RoDTEP

Aspect	MEIS	RoDTEP
Realization of Proceeds	The benefit of scheme is applicable on realization of amounts in foreign currency and not in INR	The benefit of scheme is applicable on realization of amount in INR or Foreign Currency
Registration	Registration not required on DGFT portal	Registration on ICEGATE portal and creation of E-Ledger



# ● Ineligible Export

<b>Sl. No.</b>	<b>Export categories or sectors ineligible for duty credit</b>
<b>(1)</b>	<b>(2)</b>
1.	Goods which are restricted or prohibited for export under Schedule-2 of Export Policy in ITC- HS
2.	Export of imported goods covered under paragraph 2.46 of Foreign Trade Policy
3.	Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India
4.	Goods subject to minimum export price or export duty
5.	Deemed exports under Foreign Trade Policy
6.	Goods manufactured or exported by any of the units situated in Special Economic Zone/ Free Trade Warehousing Zone/Electronic Hardware Technology park/Bio-Technology park/ Export Processing Zone

# ● Ineligible Export

8.	Goods exported under Advance Authorisation or Duty Free Import Authorisation issued under the relevant Foreign Trade Policy
9.	Goods manufactured and supplied by units in Domestic Tariff Area to units in Special Economic Zone/Free Trade Warehousing Zone
10.	Goods manufactured in Special Economic Zone/Free Trade Warehousing Zone / Export Oriented Unit / Electronic Hardware Technology Park /Bio-Technology Park/ Export Processing Zone and exported through DTA unit
11.	Goods manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962)
12.	Goods availing the benefit of the notification No. 32/1997-Customs, dated the 1st April, 1997
13.	Goods for which claim of duty credit is not filed in a shipping bill or bill of export in the customs automated system
14.	Goods that have been taken into use after manufacture.

# ● Declaration

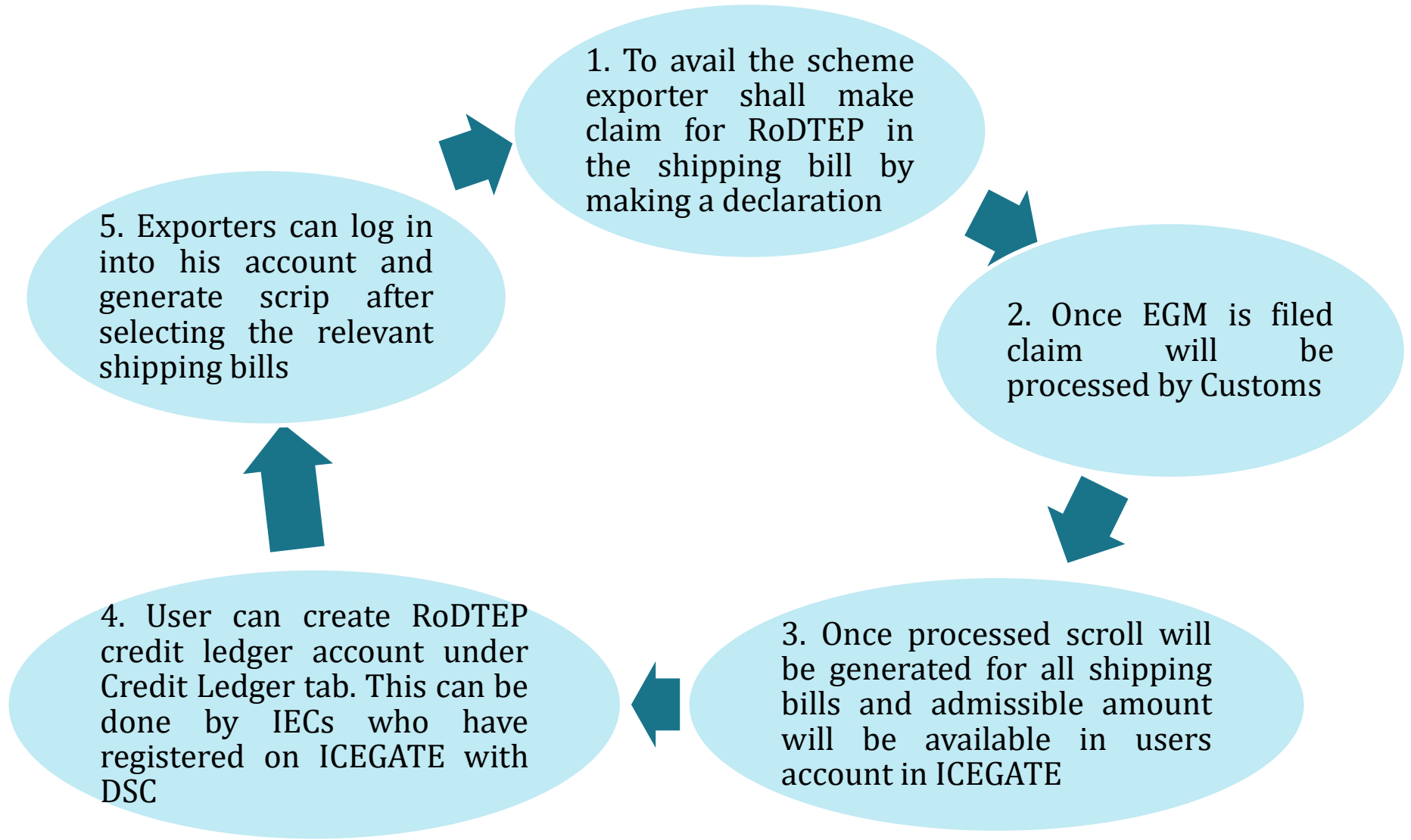
“I/We, in regard to my/our claim under RoDTEP scheme made in this Shipping Bill or Bill of Export, hereby declare that:

- 1. I/ We undertake to abide by the provisions, including conditions, restrictions, exclusions and time-limits as provided under RoDTEP scheme, and relevant notifications, regulations, etc., as amended from time to time.*
- 2. Any claim made in this shipping bill or bill of export is not with respect to any duties or taxes or levies which are exempted or remitted or credited under any other mechanism outside RoDTEP.*
- 3. I/We undertake to preserve and make available relevant documents relating to the exported goods for the purposes of audit in the manner and for the time period prescribed in the Customs Audit Regulations, 2018.”*

# ● Undertaking

○ For availing the scheme, an exporter is to also make a declaration on the electronic shipping bill undertaking that it would abide by the scheme provision, not claim rebate/remission with respect to any duties/taxes/levies already exempted or for which remission is provided under other schemes and that it shall preserve documents for audit. etc.

# ● Procedure



# ● Procedure

## Processing of the claim of RoDTEP Benefit -

- Based on the declarations, System will be processed the eligible RoDTEP.
- The Shipping Bills with RoDTEP and/or Drawback claim will now be routed for officer intervention based on Risk targeting by RMS. All the Shipping Bills will be sent to RMS after the EGM is filed. Based on the input by RMS, Shipping Bills will either come to officer for processing of RoDTEP/DBK benefits or will directly be facilitated to the scroll queue without any officer intervention.
- Once the Shipping Bill is processed for DBK and/or RoDTEP either by the officer or as per facilitation by RMS, it will move to the respective scroll queues. In case a suspension is placed on any exporter/Shipping Bill for Drawback, the same will also be applicable for the purpose of scrolling out of RoDTEP benefits.



# ● Procedure

## Class III DSC

- To take the normal registration at ICEGATE, every exporter needs class III DSC in the name of organization.

## Normal Registration At ICEGATE

- To avail the benefit under RoDTEP, exporter is required to get “Normal” registration (not simplified registration) with Class III digital signature (Organization DSC) at ICEGATE.
- If organization is already register with ICEGATE with “Simplified” registration, will have to move to Normal Registration.

# ● Scroll Generation / Automatic Generation

- The scroll will be generated in the customs automated system once the System Directorate commences processing of RoDTEP.
- The export has the option of combining duty credit available in a scroll or a number of scroll at the particular customs station of export
- E-Scrip will be generated in the exporter's electronic ledger maintained in the customs automated system.
- An electronic ledger shall be created for every holder of IEC number who is either the exporter having made a claim of RoDTEP against export of goods or is a recipient of duty credit by way of transfer.



# ● Validity of Scrip

- E scrip shall be freely transferable.
- E scrip shall be valid for a period of one year from the date of its generation in the ledger.

# ● Transferability of e-scrip / Utilization

- The period of e scrip shall not change on account of transfer of the e-scrip however an e scrip shall be transferrable at a time for the entire amount available in the said scrip.
- Transfer of duty credit in part shall not be permitted.
- Each e scrip will carry a Unique Identification Number and date of its creation.

# ● Automatic Registration of E Scrip

- E scrip is generated in the exporter's electronic ledger.
- E scrip will be registered automatically with the customs station of export once an e scrip is generated in the ledger.
- E scrip shall be used for payment of duties of Customs specified in the first schedule to the Customs Tariff Act, 1975.

# Recovery of Amounts – Export Proceed Not Realized

- Amounts of duty credit has been allowed to an exporter but sale proceeds in respect of such export goods have not been realized by exporter within period, the exporter shall himself or on demand by the proper officer repay the amount of duty credit along with interest at the rate as fixed under sec 28AA of the said act within fifteen days of expiry of the said period.
- Extension of the said period for realization of sale proceeds has been given by RBI and the exporter produce evidence of such extension to the proper officer and said sales proceeds are not realized in such extension period, the exporter shall repay the said amount of duty credit along with said interest within fifteen days of expiry of the said period.

## Recovery of Amounts – Export Proceed Not Realized

- Part of sale proceeds has been realized the amount of duty credit to be recovered shall be the amount equal to that portion of the amount of duty credit allowed which bears the same proportion as the portion of the sale proceeds not realized bears to the total amount of sale proceeds.
- If exporter fails to repay the duty credit amount within the said period of fifteen days, the said duty credit shall be deemed never to have been allowed and it shall be recovered along with interest as provided in sec 142 of the act.
- During the pendency of any recovery, no further duty credit, on any subsequent exports shall be allowed to such exporter till the time such recovery is made and duty unutilized duty with the exporter or the transferee shall be suspended pending such recovery.

# Scroll Generation Due Dates

## Annexure -A

<b>Period upto which the Shipping bills are ready for scroll generation (i.e., processed for RoDTEP and Gateway EGM filed)</b>	<b>Scroll Generation enablement schedule at all the Customs locations (i.e., RoDTEP scroll can be generated between the time period of below dates)</b>
Upto 31.01.2021	04.10.2021 to 10.10.2021 (7 days)
Upto 28.02.2021	11.10.2021 to 17.10.2021 (7 days)
Upto 31.03.2021	18.10.2021 to 24.10.2021 (7 days)
Upto 30.04.2021	25.10.2021 to 31.10.2021 (7 days)
Upto 31.05.2021	01.11.2021 to 07.11.2021 (7 days)
Upto 30.06.2021	08.11.2021 to 14.11.2021 (7 days)
Upto 31.07.2021	15.11.2021 to 21.11.2021 (7 days)
Upto 31.08.2021	22.11.2021 to 28.11.2021 (7 days)
Upto 30.09.2021	29.11.2021 to 05.12.2021 (7 days)
Upto 31.10.2021	06.12.2021 to 12.12.2021 (7 days)
Upto 30.11.2021	13.12.2021 to 19.12.2021 (7 days)
Upto any date after 01.12.2021	Any date on or after 20.12.2021

# Benefit calculation & processing for retrospective & prospective

## Retrospective

For RoDTEP claims captured in the shipping bills filed between 01.01.2021 to 01.10.2021, the notified ad valorem rates and per unit rate caps would be updated in the system.

The benefits would be calculated in the system as per calculation logic as notified in the Board Notification i. e. on value equal to declared export FOB value of the said goods or upto 1.5 times the market price of the said goods, whichever is less.

The RoDTEP claims which have already been processed by the Customs officer or as per RMS facilitation for grant of drawback, such cases will not be sent to officer for processing of RoDTEP again.

## Prospective

For the shipping bills filed on or after 01.10.2021, the benefit will be calculated in the shipping bill with the actual ad valorem rates but not exceeding per unit , value caps if any, on value equal to declared export FOB value of the said goods or upto 1.5 times the market price of the said goods, whichever is less.

The RoDTEP claims would be processed either by the officer or facilitated by RMS and after processing, the shipping bill will be available for generation of scroll.

# ● How we can help :

To avail the benefit of RoDTEP, we can help you

**For obtaining Class III DSC**

**For obtaining Normal Registration**

**For obtaining e-scrips**

**Assistance to transfer of e-scrips**



# THANK YOU

**ARNK AND ASSOCIATES LLP and SHAH KHANDELWAL JAIN & ASSOCIATES are network members of ICAN & AFFILIATES, a network registered with the Institute of Chartered Accountants of India, New Delhi**



**SKJ**

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