

Remission of Duties and Taxes on Exported Products Scheme (“RoDTEP Scheme”/ “the Scheme”)

Introduction

The RoDTEP Scheme replaces the erstwhile Merchandise Exports from India Scheme (“MEIS”)¹ to incentivise the export of goods from India. It is understood that unlike MEIS, the Scheme is compliant with the World Trade Organisation (“WTO”) norms.

The Scheme is introduced under the provisions of the Foreign Trade Policy 2015-20 (FTP) and is applicable for exports undertaken from January 1, 2021, onwards. The Scheme prescribes specific rate of rebate available in respect of export of goods depending on their nature, to neutralise the currently non-refundable:

- A. central, state and local duties, taxes and levies suffered on the export goods, including prior stage cumulative indirect taxes on goods/ services used in the production; and,
- B. indirect taxes, duties and levies applicable in respect of distribution of export goods.

Key Features of the Scheme

1. The Scheme provides for the eligible exporters to a rebate, computed at the notified rates² as a percentage of the free on board (FOB) value of the export goods, with a value cap for certain goods.
2. The rebate shall be provided in form of transferable duty credit/ electronic scrip (e-scrips), which will be maintained in electronic ledger by the Central Board of Indirect Taxes and Customs (“CBIC”).
3. The scrips can be utilised for payment of basic customs duty on imports by the exporter or the person to whom such e-scrips are transferred.
4. Rebate will be allowed subject to receipt of export proceeds within nine months (i.e., the time limit prescribed under the Foreign Exchange Management Act, 1999).

¹ The Ministry of Textiles vide notification bearing F. No. 12015/11/2020-TTP dated August 13, 2021 clarified that Rebate of State and Central Levies and Taxes (RoSCTL) Scheme will continue for the period January 1, 2021 to March 31, 2024 for apparels and garments covered under Chapter 61 and 62 ad made-ups covered under Chapter 63, which was earlier proposed to be subsumed into RoDTEP.

² Appendix 4R notified under notification no. 19/2015-2020 dated August 17, 2021

5. Necessary rules and procedure for claiming benefit (such as manner of application, time period for application, etc.) under the RoDTEP Scheme will be notified by the CBIC on an IT enabled platform.
6. Suitable recovery and penal provisions to be notified in case of misuse of the Scheme.
7. The following categories of exports/ exporters are not eligible for rebate under the Scheme:
 - (a) Exports through trans-shipment, export of goods which are subject to minimum export price or export duty and goods that are restricted/ prohibited for export
 - (b) Deemed Exports (i.e., supply of goods to Export-Oriented Unit, supply of goods against advance authorisation/ EPCG, etc.)
 - (c) Supplies to units in special economic zones/ free trade warehousing zone
 - (d) Goods manufactured wholly or partly in a warehouse under Section 65 (Manufacture and other operations in relation to goods in a warehouse³) of the Customs Act, 1962, Electronics Hardware Technology Park Scheme and Bio-Technology Parks
 - (e) Goods imported for execution of an export order on job work basis⁴, re-export of imported goods⁵, goods taken into use after manufacture and exports for which electronic documentation in ICEGATE is not generated
 - (f) Goods manufactured/ exported by a unit in 100% Export-Oriented Unit/ Free Trade Zones/ Export Processing Zones/ Special Economic Zone or in discharge of export obligation against an Advance Authorization or Duty-Free Import Authorization (DFIA) or Special Advance Authorization issued under a Duty Exemption scheme⁶

JSA Comments

The GOI through a press release dated December 31, 2020, decided to extend the benefit of RoDTEP Scheme on goods exported from January 1, 2021. While the RoDTEP Advisory dated January 1, 2021, provided certain guidelines, now the rates of rebate as well as the category of exclusions under this Scheme are notified.

It may be important for businesses availing the benefits under the existing schemes, which are excluded under the Scheme, to undertake a cost-benefit analysis and evaluate if opting for RoDTEP Scheme is more beneficial, given the rates notified under the Scheme.

As of now, the rates are not notified for certain sectors such as steel, chemicals and pharmaceuticals and it is important that the same are notified in due course.

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³ Notification No. 44/2019-Customs (N.T.) dated June 19, 2019

⁴ Notification No. 32/1997-Cus dated April 1, 1997

⁵ Para 2.46 of the FTP

⁶ It is proposed that exports covered under these categories may be included under the Scheme from a subsequent date, based on recommendations of the RoDTEP Committee



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