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# Remission of Duties & Taxes on Exported Products (RoDTEP) Scheme

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India has rolled out different mechanisms from time to time for the promotion of exports. Some of the mechanisms are: Export Oriented Units (EOU), Export Promotion Capital Goods (EPCG), Duty Drawback, Special Economic Zones (SEZ) etc. These mechanisms primarily focus on rebating or refunding different taxes or duties available on the exporters.

Remission of Duties and Taxes on Exported Products (RoDTEP) is a new scheme launched by the government to replace the existing Merchandise Exports from India Scheme (MEIS) scheme for exports of goods from India.

To benefit the exporters in place of MEIS (Merchandise Exports from India Scheme) was announced vide press release dated 31-Dec-2020, w.e.f. 01-Jan-2021, to all export goods.

- The Scheme will be implemented with end-to-end digitization.
- To give a boost to the domestic industry and Indian exports providing a level playing field for Indian producers in the International market so that domestic taxes/duties are not exported.
- The RoDTEP scheme would refund to exporters the embedded duties/taxes that were so far not being rebated/refunded.
- The rebate would be claimed as a percentage of the Freight on Board (FOB) value of exports.

- An exporter desirous of availing the benefit of the RoDTEP scheme shall be required to declare his intention for each export item in the shipping bill or bill of export.
- The RoDTEP shall be allowed, subject to specified conditions and exclusions. However, the rates are yet to be announced.
- Once the rates are notified, System would automatically calculate the RoDTEP amounts for all the items where RoDTEP was claimed. No changes in the claim will be allowed after filing of export general manifest.

## *Some of the notable points of this scheme are as follows:*

- Currently in existing Merchandise Scheme only few taxes are refunded which is incurred by the exporters.
- The scheme of RoDTEP reimburse the taxes, duties, or levies at the Central, State or Local level which are presently not being refunded under any other mechanism but are incurred in the manufacture process and distribution of exported products.
- The taxes that shall be refunded through this scheme are VAT, Central excise duties on fuel used for transportation, electrical duties that are not exempted, or refunded under any other existing mechanism.



# Benefits of the RoDTEP scheme to Indian exporters:

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# Taxes not refunded under present mechanism:

VAT on fuel used in generation of captive power.
VAT on fuel used in farm sector (for products only). Mandi Tax.
Duties on electricity charges.
Stamp duty on export documents.
Embedded* SGST & CGST paid on – <ul style="list-style-type: none"><li>• Input such as pesticides, fertilizers etc. Used in production of agricultural goods.</li><li>• In purchase from unregistered dealers</li><li>• Coal used in production of electricity</li><li>• Input for transport sector</li><li>• Duty on fuel used in transport</li><li>• Inputs such as pesticides, fertilizer etc. Used in production of Raw materials.</li><li>• Purchase from unregistered dealers</li></ul>
Any other Taxes/ Duties/ Levies, which are not refunded/ exempted/ reimbursed under any of the prevalent mechanism, such as Advance authorisation, drawback and GST refund.
Central Excise on duty on fuel used in transport
<b>ALL THE ABOVE MENTIONED TAXES ARE NOW REFUNDED IN RODTEP</b>

\*Embedded taxes means taxes which are not allowed to be off-set (adjusted) and thus become part of the product or services.

## Eligibility for the scheme:

- Currently in existing Merchandise Scheme only few taxes are refunded which is incurred by the exporters.
- The scheme of RoDTEP reimburse the taxes, duties, or levies at the Central, State or Local level which are presently not being refunded under any other mechanism but are incurred in the manufacture process and distribution of exported products.
- The taxes that shall be refunded through this scheme are VAT, Central excise duties on fuel used for transportation, electrical duties that are not exempted, or refunded under any other existing mechanism.

## How to avail the benefits:

As per the advisory issued by the government of India, dated 1.01.2021, the exporter has to avail the scheme by claiming for RoDTEP in the shipping bill by making a declaration. It is applicable to all exported products.

If RoDTEP is not specifically claimed in the shipping bill no RoDTEP benefit would be given to the exporter. Even though the items and rates for RoDTEP have not been declared by the GOI the exporter must express his intention to avail the benefit of RoDTEP by filing the declaration in the shipping bill.

Once the rates are declared the system will automatically calculate the amounts of RoDTEP claimed by the exporter. Notification in regard to rates and items is still awaited from DGFT and MoF.

## Conclusion:

Implementation of the RoDTEP scheme replacing the MEIS would make this country a compliant exporter in the international market. However, the government of India must make sure that the new scheme shall not reduce the advantages of the present scheme. Moreover, reducing the incentives to the exporters may thump the exports by India.



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