

# ERGO

*Analysing developments impacting business*

## RoDTEP | UPDATES AND CONSTITUTION OF COMMITTEE

17 November 2021 *The DGFT has called for representations from the industry players to the RoDTEP Committee constituted for fixation of RoDTEP rates for AA, SEZ and EOU exports and relating to any anomalies or errors in RoDTEP rates notified in the Appendix 4R.*

### **Background**

With an objective to establish a WTO-compliant export subsidy scheme, the Remission of Duties and Taxes on Export Products (RoDTEP) Scheme was notified and made operational by the Ministry of Finance (MoF) with effect from 1 January 2021. However, the much-awaited rates under RoDTEP were finally notified vide [Notification No 19/2015-20](#) dated 17 August 2021 (Rates Notification). The Rates Notification laid the guidelines, objectives and operating principles for RoDTEP under chapter 4 of the Foreign Trade Policy 2015-20 (FTP) along with rate of remission for products per [Appendix 4R](#) of FTP.

### **Customs Updates**

By [Notification No 75/2021](#) - Customs (NT) dated 23 September 2021, the Central Board of Indirect Taxes and Customs (CBIC) has notified the Electronic Duty Credit Ledger Regulations, 2021 for providing credit under RoDTEP and Rebate of State and Central Taxes and Levies (RoSCTL) Scheme (together read as Schemes). Any shipping bill or bill of export, presented on or after the 1 January 2021 and having a claim of duty credit under these schemes shall be processed in the customs automated system. The claim shall be allowed by the Customs as per the conditions and restrictions notified for the Schemes, after the filing of export manifest or export report. Once the claim is allowed, a scroll for duty credit will be generated by the proper officer in the customs automated system. Separate scrolls will be generated for each Schemes.

Thereafter, by [Notification No 76/2021 - Customs \(NT\)](#) dated 23 September 2021, **the manner to issue duty credit for goods exported under the RoDTEP has been notified**. The said notification further stated that -

- The value of duty credit will be lower of FOB value as declared in the shipping bill or 1.5 times of the market value (not defined) of the goods;
- The declaration at item level regarding intent to claim the RoDTEP benefit needs to be made in the shipping bill of export;

- Duty credit will be issued in lieu of remission of taxes / duties / levies at the central, state, and local level, incurred in the process of manufacture and distribution of exported products except for duties already exempted, remitted or credited;
- Duty credit shall be subject to realisation of export proceeds and within the time permitted by the RBI; and
- Duty credit shall be subject to the imports and exports undertaken through the seaports, airports or through the inland container depots or through the land customs stations which allow the bill of entry and shipping bill or bill of export to be presented and processed electronically on the customs automated system.

## Latest Trade Notice

The Directorate General of Foreign Trade (DGFT) has vide [Trade Notice No 23/2021-22](#) dated 9 November 2021 has intimated constitution of Committee for determination of RoDTEP rates for Advance Authorization (AA) /Export Oriented Unit (EoU) / Special Economic Zone (SEZ) exports and to give supplementary report/ recommendations on issues relating to errors or anomalies, with respect to the RoDTEP Schedule of rates notified in the Appendix 4R. The notice further requests trade / industry /associations to submit their representations through the Export Promotion Council (EPCs) / Industry Associations to the RoDTEP Committee directly, in requisite format within stipulated timelines.

## Comments

It may be recalled that the benefits under RoDTEP were announced with exception that exports by EOU, Free Trade Zones (FTZ) / Export Processing Zones (EPZ) / SEZ unit and by AA / Duty-Free Import Authorization (DFIA) / Special Advance Authorization (SIA) holders may be subsequently included in RoDTEP and applicable rates will be decided by RoDTEP committee. The trade notice reconfirms that exports made through AA, SEZ and EOUs will be eligible for benefits under the RoDTEP scheme.

The RoDTEP scheme is driven by budgeted outlay resultantly, exporters do not have any certainty on getting the benefit at prescribed rates as there may be rate reductions on account of budget allocation or prioritization of sectors. Further, exclusion of key export sectors such as steel, chemicals and pharmaceuticals from the scheme appears counterproductive.

Industry players can consider making representations for issues such as exclusion of products from RoDTEP and rate enhancement to the RoDTEP committee so as to optimally gain from the benefit of the scheme.

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