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## **RoDTEP - An Export Incentive Scheme !**

*By*



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### **Introduction:**

RoDTEP Scheme (Remission of Duties or Taxes on Export Products) was announced in September 2019 with an aim to boost the domestic exports and replace the export incentive scheme Merchandise Exports from India (MEIS) scheme. This came after a World Trade Organization (WTO) ruling stated that the MEIS scheme violated provisions of the trade agency as it was providing export subsidies for a several range of goods. RoDTEP is based on the globally accepted principle that taxes and duties should not be exported, and taxes and levies borne on the exported products should be either exempted or remitted to exporters. The RoDTEP scheme rebates/refunds the embedded Central, State and local duties/taxes to the exporters that were so far not being rebated/refunded. It may be noted that Government is leaving no stone unturned to support domestic industry and make it more competitive in the international markets. Export centric industries are being reformed and introduced to better mechanisms so as to increase their competitiveness, boost exports, generate employment and contribute to the overall economy. In the present times, when exports are facing headwinds on account of signs of recession in some of the developed markets & supply chain disruptions on account of Russia-Ukraine conflict, extension of RoDTEP to uncovered sectors like Chemicals, Pharmaceuticals & Articles of Iron & Steel is likely to enhance the export competitiveness of these sectors.

CBIC has notified manner of issue of duty credit for goods exported under the RoDTEP Scheme under Foreign Trade Policy, 2023 vide Notfn No. 24/2023-Customs(NT) dated 1st April 2023 subject to such conditions and restrictions as specified herein, in accordance with paragraph 4.01(d) of the Foreign Trade Policy.

### **Availment and utilisation of Duty Credit under RoDTEP Scheme**

**2.** RoDTEP i.e. the duty credit is issued in lieu of remission of any taxes, chargeable on any material used in the manufacture / processing of goods in India that are exported. This scheme is not available in cases where such duty or tax or levy is not exempted, remitted or

credited under any other Scheme. This scheme can be availed only against export of those goods which are notified in Appendix 4R of the Foreign Trade Policy and at the respective rate and cap specified under the said Appendix. The amount of such Duty Credit is calculated on basis of declared FOB value of the export goods or upto 1.5 times of the market price of said goods, whichever is less. For claiming benefit of this scheme, Exporter has to make a declaration in shipping bill in the customs automated system. It is mandatory for the exporters to indicate in their Shipping Bills whether or not they intend to claim RoDTEP on the export goods. RoDTEP script is issued only after completion of export process in accordance with any rules or regulations made in relation to duty credit, e-scrip or electronic duty credit ledger. Duty Credit available under this scheme can be utilised for making payment of duty of customs leviable under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) on goods when imported into India. There are certain export categories or sectors specified under the scheme which are not eligible for duty credit under the Scheme. Though, the RoDTEP script is issued even before filing of Bank Realisation Certificate, the realisation of sale proceeds in respect of the said exported goods within the time period stipulated under the Foreign Exchange Management Act, 1999 is mandatory. If the foreign remittance is not received within the stipulated time, such Duty Credit shall be deemed to be ineligible. If Commissioner of Customs has reason to believe that the claim of duty credit made by an exporter on export goods may not be bona fide, he may direct to allow duty credit after realisation of sale proceeds of such exports. In case of exports made to Nepal, Bhutan and Myanmar, Duty Credit shall be allowed only upon realisation of sale proceeds. Imports and Exports shall be processed electronically on the Customs Automated System.

### **Cancellation of duty credit.**

**3.** Where a person contravenes any of the provisions of the Act or any other law for the time being in force or the rules or regulations made thereunder in relation to exports to which the duty credit relates, or in relation to the e-scrip, the jurisdictional Commissioner of Customs may, after enquiry, pass an order to cancel the said duty credit or e-scrip. Once the e-scrip is so cancelled, the duty credit amount in the said e-scrip shall be deemed never to have been allowed and the proper officer of Customs shall proceed to recover the duty credit amount used in such e-scrip or transferred from such e-scrip. The proper officer of Customs may suspend the operation of the said e-scrip or the electronic duty credit ledger of such exporter or any duty credit transferred from such e-scrip, during pendency of the enquiry.

### **Recovery of amount of duty credit.**

**4 .** The exporter shall repay the ineligible / excess amount of duty credit so allowed in excess, himself or on demand by the proper officer, along with interest, at the rate as fixed under section 28AA of the said Act for the purposes of that section, on that portion of duty credit allowed in excess, which has been used or transferred, and where the exporter fails to repay the amount along with interest, as applicable, it shall be recovered in the manner provided in section 142 of the said Act. During the pendency of any recovery, no further duty credit, on any subsequent exports, shall be allowed to such exporter.

