

RoDTEP

(Remission of duties & Taxes
on Exported products)





What is RoDTEP scheme:

Are you an exporter? If so, here are the things that you should know about Indian government new scheme **RoDTEP (Remission of Duties and Taxes on Exported products)**

What is RoDTEP scheme:

- RoDTEP scheme is the central government initiative to boost exports to international markets from India.
- It is new export incentive scheme specifically framed to comply with World trade organization norms. This scheme replaces the existing MEIS (Merchandize exports from India scheme)
- The scheme is intended in making the Indian exports cost-competitive and creating a level playing field for Indian exporters in the International market.



Key features of RoDTEP scheme:



MEIS has been withdrawn w.e.f 31st December 2020 and RoDTEP scheme came into effective from 01st January 2021



RoDTEP scheme reimburse the taxes/ duties/ levies, at the central, state and local level, which are currently not being refunded under any other mechanism, but through RoDTEP it will get refunded.



Being a member of WTO and in compliance with WTO trade norms, RoDTEP scheme can provide a seamless flow of economic benefit from the government.



It will add more competitiveness in the foreign markets, with assured duty benefits by GOI.



In the existing schemes, certain taxes, such as state taxes on power, oil, water and education cess, are not included. Under RoDTEP, such taxes are also proposed to be included in the indicative list making the scheme exhaustive.



Being more compliant and transparent with WTO norms, it will help exporters meet international standards and boost business growth.

Comparison between MEIS and RoDTEP

Aspect	MEIS	RoDTEP
Incentive scheme	Incentive on exports of goods in the form of transferable scrips	Refund of indirect taxes on inputs used in the manufacture of exported product that are not being currently reimbursed in any other existing schemes
WTO compliant	Currently under dispute whether it is compliant or non-compliant with WTO norms	Compliant with WTO trade norms
Application form	Form ANF-3A (to be filled online on DGFT portal)	As per Advisory, Understanding is Application process is Automated and application schema is to notified/ clarified
Incentive	2-5% of realised FOB value of Exports in free foreign exchange or FOB value of exports as per shipping bill, whichever is lower	Product based % way of reward (Product based estimate scheme ranging from 0.01% to 4.3% on FOB)
Mode	Issued in the form of transferable scrips (physical copy)	To be issued in the form of transferable duty credit/ electronic scrip, which will be maintained in electronic ledger
Transferable	Transferable in open market	Transferable in open market

Benefits of RoDTEP Scheme to Indian Exporters

Free Up Working Capital



Quicker Claims And Refunds



Increased Export Credit



Easily Transferable



WTO compliant subsidy



Who is Eligible to apply?

Below are the criteria of eligibility for the RoDTEP scheme:

Eligible:

- Multi-sector Indian exporters are eligible under RoDTEP scheme.
- Both types of exporters (manufacturers and traders) are eligible to avail the benefits of RoDTEP
- All exporters whose export products are produced in India (even if the raw material used in manufacturing those products are imported).
- As of now, there is no minimum turnover restriction for this scheme. Even small exporters with very minimum export turnovers are eligible to avail the scheme.
- Priority is given to labor-intensive sectors that enjoyed benefits under the now-scraped MEIS scheme.
- Exporters who operate via e-commerce platforms to export their goods are also eligible.

Not Eligible:

- Re-exports are not covered under RoDTEP. Any products that are brought into special zones like the FTWZ for the purpose of re-exporting are not eligible for RoDTEP
- Products that do not have country of origin as India are not eligible. Pharma, Steel and Chemicals sector are not covered in the scheme.
- Exporters who are already availing benefits from incentive schemes other than MEIS and RoSCTL.
- **Detailed list of exporters who are not eligible for RoDTEP benefits are given in next page.**

Who is Not Eligible?

- Export of imported goods covered under para 2.46 of FTP
- Export through transshipment (exports originating in third country)
- Export products which are subject to Minimum Export price or export duty
- Products which are restricted for export under Schedule 2 of Export Policy in ITC(HS)
- Products which are prohibited for export under Schedule 2 of Export Policy in ITC(HS)
- Deemed Exports
- Supplies from DTA to SEZ / FTWZ
- Products manufactured in EHTP and BTP
- Products manufactured party / wholly in warehouse as provided in Section 65 of the customs act
- Products manufactured or exported in discharge of export obligation against Advance Authorization / DFIA
- Products manufactured / exported by EOU; Products manufactured / exported by SEZ / FTZ / EPZ
- Products manufactured / exported availing the benefit of [Notification No. 32/1997 – Customs dated 1 April 1997](#) (Jobbing transactions)
- Exports from non-EDI port
- Goods taken into use after manufacture (Used goods or second-hand goods)

Products manufactured or exported by EOU, SEZ, EPZ, FTZ, in discharge of export obligation of AA, DFIA, SAA are not eligible. However, as per 4.55B, basis the recommendations of RoDTEP committee, the same may be considered to be included in future

Eligibility of RoDTEP in few practical scenarios

Scenario	Applicability
Samples exported from India to Outside India at free of cost.	No, the benefit of the scheme depends on the realization of foreign exchange. In samples exported on free of cost, there will be no realization of foreign exchange. Hence, this scheme may not be applicable.
Merchanting transactions	No, in merchanting transactions, movement of goods begins and concludes outside India. So, these transactions won't have benefit of RoDTEP.
Work contractor executing works internationally	In case of execution of contract, if any goods are exported outside India, then person should be eligible for RoDTEP in respect of goods exported. But services exported in course of executing works contract, would not get benefit of RoDTEP
Exports made through non-EDI port	No, Exports for which the electronic documentation in ICEGATE/ EDI has not been generated or the goods are exported through a non-EDI Ports are not eligible for RoDTEP scheme.
Used goods are exported	No, the benefit would not be available for goods which have been used after manufacture
International jobbing transactions	No, Products manufactured / exported availing the benefit of Notification No. 32/1997 – Customs dated 1 April 1997 (Jobbing transactions) Would not get the benefit of RoDTEP.
Exported through E-Commerce operator	Yes, the benefit under RoDTEP available to E-Commerce operator, if there is physical export of eligible goods through EDI port and Shipping bill/ Airway bill should be in the name of exporter
Benefit for Textile manufacturer and Exporter	No, benefit under RoDTEP scheme is not available for goods covered under HS Chapter Code 61, 62 and 63. But he can claim benefit under ROSCTL
Capital goods imported under EPCG License	Yes, Restriction under scheme doesn't cover Capital goods under EPCG, so simultaneous benefit can be claimed under RoDTEP as well

How to avail RoDTEP benefits

Documents required for claiming benefits



The benefits of RoDTEP can be availed only by Import Export Code (IEC) holders with a valid Digital Signature Certificate (Class 3). Following documents are required for claiming benefits under this scheme.

- Digital Signature Certificate ([DSC](#))
- Shipping Bill
- Electronic Bank Realisation Certificate ([eBRC](#))
- Registration Cum Membership Certificate (RCMC)

Procedure to avail the benefits

The procedure to [avail the benefits](#) under RoDTEP is broadly explained as below. Entire procedure is divided into FOUR parts for simplicity viz.

- (I) Creation of the RoDTEP Credit Ledger,
- (II) Declaration in the Shipping Bills
- (III) Claim Processing and Scroll generation
- (IV) Generating and using Scrips.

I. Creation of the RoDTEP E- Credit Ledger



- The exporter has to log in to the ICEGATE portal through the link <https://www.icegate.gov.in/>.
- Go to “**Our Services >> RoDTEP**” to create the RoDTEP credit ledger. If user is not registered, they can get themselves registered

RITC codes: Customs has made it mandatory for exporters to indicate in the shipping bill whether they want to claim the RoDTEP benefits or not. But the claim is mandatory for the items notified under this scheme (RITC codes).

Step by step guide for creating e-credit ledger :



This can be done by IECs who are registered on ICEGATE with a Digital Signature Certificate (DSC)

- 1) Visit the ICEGATE website (www.icegate.gov.in)
- 2) Login with your credentials.
- 3) Select RODTEP from the Drop-Down Menu.

4)After the RODTEP Credit Ledger Account is created by the user, a grid view with details will be displayed to the user. The user can perform various operations from this Home Page.

- Scroll Details
- Scrip Details
- Transaction Details
- Transfer Scrip
- Approve Scrip Transfer

II. Declaration in the Shipping Bills

However, as the RITC codes and the corresponding rates notified by the government, a mandatory declaration has to be made for all items in the shipping bill in ICEGATE effective January 01, 2021.

(a) INFO Code :

- If the exporter wants to avail RoDTEP for an export item in the shipping bill, then in the SW_INFO_TYPE table of shipping bill, it must be notified as **INFO CODE = RODTEPY** (which means **Yes**).
- If the claim is not availed, then it must be **INFO CODE = RODTEPN** (which means **No**)

Note: If the “RODTEPY” is not mentioned in the shipping bill, then the exporter cannot avail any RoDTEP benefits for that item.

(b) **RODTEPY Declaration** : For every export item that has INFO CODE = RODTEPY, **an additional declaration** (given in Page no.18 of **ICEGATE RoDTEP Advisory** dated January 01, 2021) has to be submitted in the Statement of Table in the shipping bill. (**STATEMENT TYPE=DEC STATEMENT CODE=RD001**)

III. Claim Processing and Scroll generation

- Once the claims have been submitted in the shipping bill, the Customs will verify and perform a risk analysis before generating a scroll for the claims.
- It is said that risk analysis is done through a sophisticated Risk Management System (RMS). The generated scroll will contain the rates (which are yet to be announced) at which the remission will be made on the items mentioned in the shipping bill.
- The scroll thus generated will be available in the 'Scroll Details' section of the Credit Ledger in the exporter's ICEGATE account. They can simply login and generate credit scrips from those scrolls. Scrips thus generated will be listed in the 'Scrip Details' section of the credit ledger.



To Summarise

- 1) Once the Export General Manifest (EGM) has been filed by the carrier, the shipping bills are profiled by RMS
- 2) They are then either sent to an officer for intervention or directly to the respective scroll queues.
- 3) Post scroll generation, the amount is available in the form of credits on the Icegate portal.

IV. Generating and using Scrips



- Credit scrips in the Credit Ledger are transferable.
- Exporters can either use them to pay for their import duties (Only **Basic customs duty**) or can transfer them to any other third party (exporter or importer) within the ICEGATE portal.

- The scrips can be used like any other Duty Credit Scrips issued by the Director General of Foreign Trade (DGFT).
- Users have the flexibility to use scrips generated from a single shipping bill or use a bunch of scrips from multiple shipping bills to pay the duty.
- Similarly, they can also transfer scrips associated with single or multiple shipping bills.

Government would monitor the rebate scheme from FEMA perspective (monitoring the realizations for export proceeds within stipulated timelines of 9-12 Months). Even if Issuance of Scrip is done, there would be a close watch on the realization timelines.

Step by step guide for generation of e-scrips :

Scrip generation provision will be made functional on the issuance of corresponding notification by the department and availability of the budget. The user has to select SB details tab for scrip generation from the RoDTEP Home Page

- 1) The user can view and select the shipping bills and generate the scrip
- 2) Scrip will be generated for the selected shipping bill / scroll
- 3) Any credits on the portal can be converted into credit scrips by the exporter. Every user is given a unique scrip ID.
- 4) Entries are made in the credit ledger every time a new scrip is generated.
- 5) The User can view scrip details after selecting the options from the scrip Status drop down:
 - **Active:** Scrips which are still in active state and not yet utilized.
 - **Utilized:** Scrips which has been utilized by the user.
 - **Transferred:** Scrips which have been transferred and approved by the transferee.
 - **Transfer Pending:** Scrips which have been transferred by the user to another IEC holder but the latter has not approved the transfer request.
 - **Approve Scrip Transfer**

Procedure for transfer of the e-credit scrips



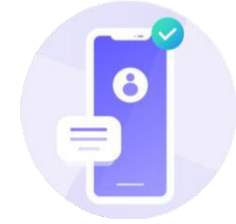
Select the “Transfer scrip”
Tab to transfer a particular
Scrip to any other user



The list of the generated scrips
is available in the drop-down
menu along with the “Scrip
Available” option



Upon selection the user can
view the scrip amount and enter
the IEC of the user to which the
scrip is to be transferred



OTP is generated and sent to the
user who has initiated the transfer
on the registered mobile number
and email ID



The user who has initiated the transfer
scrip request can cancel the request
at this stage using the cancel button



Approval request will be sent to
IEC for whom transfer request
made



After clicking approve button by
transferee, OTP will be sent. After
validation Scrip will be transferred to
Transferee

Key takeaways



Remission of taxes/duties/levies

RoDTEP covers reimbursement of duties and taxes (such as mandi tax, VAT and central excise on fuel, etc.), which are levied at central, state and local level and are not refunded under any other mechanism. Further, items, which were currently under MEIS and RoSCTL schemes, will be shifted towards the RoDTEP scheme.



Automated refund system

In line with digital India, refund will be issued to exporters in the form of transferable duty credit/ electronic scrips, which will be maintained in an electronic ledger.



Speedy clearance through digitalization

A monitoring and audit mechanism, with an information technology-based risk management system would be put in to physically verify the records of the exporters. This will enable faster clearance through digital platform.



Scheme for all sectors

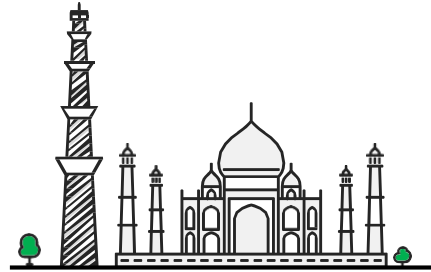
RoDTEP covers all most all sectors (except for Steel, Pharma and chemicals) . Further, a dedicated committee shall decide the sequence of introduction of the scheme, prioritization and degree of benefit to be given to various items.

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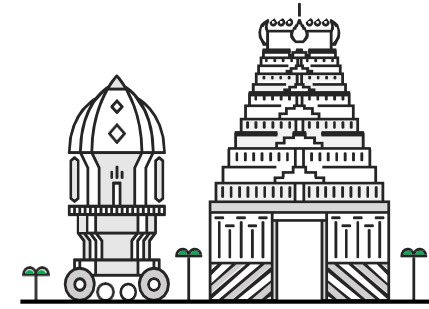
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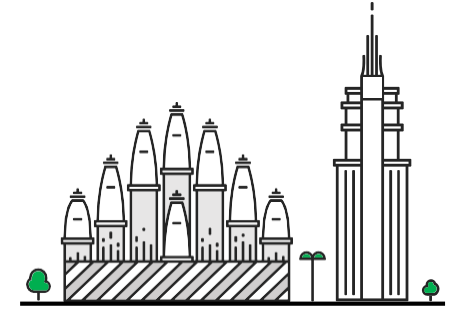
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Thank You