

## **SCHEME FOR REMISSION OF DUTIES OR TAXES ON EXPORT PRODUCTS (RoDTEP)**

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### **INTRODUCTION:**

RoDTEP stands for Remission of Duties or Taxes on Export Products. It is a new Scheme, introduced by the Government of India by making amendment in the Foreign Trade Policy 2015-20 vide DGFT Notification No. 19/2015-20 dated 17.08.2021. The scheme has been made effective for exports from 01.01.2021. This scheme has been introduced with an objective to neutralize the taxes and duties suffered on exported goods which are otherwise not credited or remitted or refunded in any manner and remain embedded in the export goods. This scheme provides for rebate of all hidden Central, State, and Local duties/taxes/levies on the goods exported which have not been refunded under any other existing scheme. This does not only include the direct cost incurred by the exporter but also the prior stage cumulative indirect taxes on goods. The scheme intends to compensate the duties/taxes/levies at the Central, State and Local level borne on the exported product including prior stage cumulative indirect taxes on goods and services used in the production and distribution of the exported product. Illustrative taxes would be as follows:

1. VAT and Excise duty on the fuel used in self-incurred transportation costs; on the fuel used in generation of electricity via power plants or DG Sets; on the fuel used in running of machineries/plant;
2. Electricity duty on purchase of electricity;
3. Mandi Tax/ Municipal Taxes/ Property Taxes;
4. Stamp duty on export documents;

Etc.....

RoDTEP is a WTO compliant Scheme and follows the global principle that the taxes/duties should not be exported, they should be either exempted or remitted to exporters, to make the goods competitive in the global market. The RoDTEP Scheme will be administered by the Department of Revenue and its

implementation will be done by the customs. RoDTEP has been made effective for exports from **1<sup>st</sup> January 2021**.

### **OBJECTIVE OF THE RoDTEP SCHEME:**

Para 4.54 of the Foreign Trade Policy (Inserted vide DGFT Notification No. 19/2015-20 dated 17.08.2021) deals with the objective of the scheme. As per Para 4.54 of the FTP, the RoDTEP Scheme's objective is to refund, currently un-refunded:

- a. Duties/taxes/levies, at the Central, State and local level, borne on the exported product, including prior stage cumulative indirect taxes on goods and services used in the production of the exported product; and
- b. Such indirect Duties/ taxes/levies in respect of distribution of exported product.

The rebate under the Scheme shall not be available in respect of duties and taxes already exempted or remitted or credited.

### **OPERATING PRINCIPLES OF RoDTEP SCHEME:**

The operating principles of the scheme has been envisaged under Para 4.54 of the Foreign Trade Policy (inserted vide DGFT Notification No. 19/2015-20 dated 17.08.2021) which are as follows:

- I. The determination of ceiling rates under the Scheme will be done by a Committee in the Department of Revenue/Drawback Division with suitable representation of the DoC/DGFT, line ministries and experts, on the sectors prioritized by Department of Commerce and Department of Revenue.
- II. The overall budget/outlay for the RoDTEP Scheme would be finalized by the Ministry of Finance in consultation with Department of Commerce (DoC), taking into account all relevant factors.
- III. The Scheme will operate in a Budgetary framework for each financial year and necessary calibrations and revisions shall be made to the Scheme

benefits, as and when required, so that the projected remissions for each financial year are managed within the approved Budget of the Scheme. No provision for remission of arrears or contingent liabilities is permissible under the Scheme to be carried over to the next financial year.

- IV. The sequence of introduction of the Scheme across sectors, prioritization of the sectors to be covered, degree of benefit to be given on various items within the rates set by the Committee and within a ceiling as may be prescribed, on the per item/total overall benefit amount permissible, within the overall budget/ outlay finalized, will be decided and notified by the Department of Commerce (DoC) in consultation with Department of Revenue.
- V. Under the Scheme, a rebate would be granted to eligible exporters at a notified rate as a percentage of FOB value with a value cap per unit of the exported product, wherever required, on export of items which are categorized under the notified 8 digit HS Code. However, for certain export items, a fixed quantum of rebate amount per unit may also be notified. Rates of rebate/value cap per unit under RoDTEP will be notified in **Appendix 4 R**. In addition to necessary changes which may be brought in view of budget control measures as mentioned above, efforts would be made to review the RoDTEP rates on an annual basis and to notify them well in advance before the beginning of a financial year.
- VI. The rebate allowed is subject to the receipt of sale proceeds within time allowed under the Foreign Exchange Management Act, 1999 failing which such rebate shall be deemed never to have been allowed. The rebate would not be dependent on the realization of export proceeds at the time of issue of rebate. However, adequate safeguards to avoid any misuse on account of non-realization and other systemic improvements as in operation under Drawback Scheme, IGST and other GST refunds relating to exports would also be applicable for claims made under the RoDTEP Scheme.
- VII. **Mechanism of Issuance of Rebate:** Scheme would be implemented through end to end digitization of issuance of rebate amount in the form of a transferable duty credit/electronic scrip (e-scrip), which will be maintained in an electronic ledger by the Central Board of Indirect Taxes

& Customs (CBIC). Necessary rules and procedure regarding grant of RoDTEP claim under the Scheme and implementation issues including manner of application, time period for application and other matters including export realization, export documentation, sampling procedures, record keeping etc. would be notified by the CBIC, Department of Revenue on an IT enabled platform with a view to end to end digitization. Necessary provisions for recovery of rebate amount where foreign exchange is not realized, suspension/withholding of RoDTEP in case of frauds and misuse, as well as imposition of penalty will also be built suitably by CBIC.

### **FEATURES OF RoDTEP SCHEME:**

Currently, only the GST and the import customs duties levied on inputs required for the manufacturing of export products are either exempted or refunded in some or another way. Input tax credit (ITC) of GST paid is available, and also if exported on payment of duty then IGST refund can be claimed. Import Custom duties on raw materials are exempted through the Advance Authorization scheme or refunded through the Duty Drawback scheme. However, still, there are many duties and taxes levied by the Central and State government which are not refunded. It adds up to the final cost of resultant products and makes Indian products uncompetitive in the global market. To neutralize the taxes and duties suffered on exported goods which are otherwise not credited or remitted or refunded in any manner, the RoDTEP Scheme has been introduced by the Government of India in order to incentivise the exporters in offsetting infrastructural inefficiencies and the associated costs.

The features of the RoDTEP Scheme has been given below.

#### **i. Refund of Embedded Duties and Taxes:**

The RoDTEP Scheme aims to refund all those hidden –

- a. Duties/taxes/levies, at the Central, State and local level, borne on the exported product, including prior stage cumulative indirect taxes on goods and services used in the production of the exported product; and

- b. Such indirect Duties/ taxes/levies in respect of distribution of exported product.

which are currently un-refunded to the exporters. For example:

- Central & state taxes on the fuel (Petrol, Diesel, CNG, PNG, and coal cess, etc.) used for transportation of export products.
- The duty levied by the state on electricity used for manufacturing.
- Mandi tax levied by APMCs.
- Toll tax & stamp duty on the import-export documentation. Etc.

The Scheme will ensure that the Exporter only exports goods and services, not any kind of taxes, and the RoDTEP Scheme would cover all indirect Central & State taxes that are not reimbursed in any existing scheme.

#### **ii. WTO Compliant Scheme**

The RoDTEP is the WTO compliant policy that will help the exporters to meet international standards and makes their goods cost-competitive in the international market by assured duty benefits.

#### **iii. Multi-Sectoral Scheme-**

Under RoDTEP, all sectors, including the textiles products which are not covered under the RoSCTL, are covered, so as to ensure uniformity across all areas. However, some of the sectors such as steel, pharmaceuticals, organic and inorganic chemicals etc. have been currently excluded from the benefit under the scheme.

### **INELIGIBLE SUPPLIES/ITEMS/CATEGORIES UNDER THE RoDTEP SCHEME:**

Para 4.55 of the Foreign Trade Policy, as inserted vide DGFT Notification No. 19/2015-20 dated 17.08.2021 specifies the following categories of exports/exporters which shall not be eligible for rebate under the RoDTEP Scheme:

- i. Export of imported goods given under paragraph 2.46 of Foreign Trade Policy i.e. import for export;

- ii. Exports through trans-shipments, meaning thereby exports that are originating in third country but trans-shipped through India;
- iii. Export products which are subject to minimum export price or export duty;
- iv. Products which are restricted for export under “Schedule-2 of Export Policy in ITC (HS);
- v. Products which are prohibited for export under “Schedule-2 of Export Policy in ITC (HS);
- vi. Deemed Exports;
- vii. Supplies of products manufactured through DTA units to SEZ/FTWZ units.
- viii. Products manufactured in EHTP and BTP;
- ix. Products manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962);
- x. **\*\*Products manufactured or exported in discharge of export obligation against an Advance Authorization or Duty Free Import Authorization or Special Advance Authorization issued under a duty exemption scheme of relevant Foreign Trade Policy;**
- xi. **\*\*Products manufactured or exported by a unit licensed as hundred per cent Export Oriented Unit (EOU) in terms of the provisions of the Foreign Trade Policy;**
- xii. **\*\*Products manufactured or exported by any of the units situated in Free Trade Zones or Export Processing Zones or Special Economic Zones;**
- xiii. Products manufactured or exported availing the benefit of the Notification No. 32/1997-Customs dated 1st April, 1997;
- xiv. Exports for which electronic documentation in ICEGATE EDI has not been generated/ Exports from non-EDI ports;
- xv. Goods which have been taken into use after manufacture;

Further, Para 4.55A of the FTP (as inserted vide DGFT Notification No. 19/2015-20 dated 17.08.2021) specifies that the Government of India, reserves the right to modify any of the categories as mentioned above for inclusion or exclusion under the scope of RoDTEP at a later date.

***[\*\*\* As per para 4.55B of the FTP (inserted vide DGFT Notification No. 19/2015-20 dated 17.08.2021), the inclusion of exports made by categories mentioned in Sr. No. X, XI and XII above i.e. the exporters under the categories of SEZ, EOU, Advance Authorisation etc. and the RoDTEP rates for export items under such categories would be decided later based on the recommendations of the RoDTEP Committee.]***

#### **NATURE OF REBATE UNDER RoDTEP SCHEME:**

Para 4.56 of the Foreign Trade Policy (as inserted vide DGFT Notification No. 19/2015-20 dated 17.08.2021) speaks of the nature of rebate given to the exporter under the RoDTEP Scheme according to which the e-scrips would be used only for payment of duty of Customs leviable under the First Schedule to the Customs Tariff Act, 1975 viz. Basic Customs Duty.

#### **MONITORING, AUDIT AND RISK MANAGEMENT SYSTEM IN RoDTEP SCHEME:**

Para 4.57 of the FTP (as inserted vide DGFT Notification No. 19/2015-20 dated 17.08.2021) makes provisions for monitoring, audit and Risk management system in the RoDTEP Scheme. As per para 4.57 of the FTP, the exporter would be required to keep records substantiating claims made under the Scheme for the purposes of audit and verification of the duty credit/e-Scrip, claimed by the exporter under RoDTEP Scheme. A monitoring and audit mechanism with an IT based Risk Management System (RMS) would be put in place by the CBIC, Department of Revenue to physically verify the records of the exporters on sample basis. Sample cases for physical verification will be drawn objectively by the RMS, based on risk and other relevant parameters. Further, para 4.57A of the FTP (as inserted vide DGFT Notification No. 19/2015-20 dated 17.08.2021) says that for a broad level monitoring, an Output Outcome Framework will be maintained and monitored at regular intervals.

#### **CONDITIONS FOR ISSUANCE OF DUTY CREDIT/MANNER TO ISSUE DUTY CREDIT:**

The Department of Revenue, vide Notification No. 76/2021-Customs (N.T.) dated 23.09.2021 has notified the manner of issuing duty credit for goods

exported under the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) subject to such conditions and restrictions as specified in the said notification in accordance with Paragraph 4.01(e) of the Foreign Trade policy. Clause 2 of the notification specifies the conditions for issuance of duty credit under the RoDTEP Schemes which are as follows:

- i. The duty credit shall be issued in lieu of remission of any duty or tax or levy, chargeable on any material used in the manufacture or processing of goods or for carrying out any operation on such goods in India that are exported, where such duty or tax or levy is not exempted, remitted or credited under any other Scheme;
- ii. The duty credit shall be issued against export of goods notified in Appendix 4R (hereinafter referred to as the "Appendix") of the FTP, at the respective rate and cap notified under the said Appendix. Provided that the value of the said goods for calculation of duty credit to be allowed under the Scheme shall be the declared export FOB value of the said goods or up to 1.5 times the market price of the said goods, whichever is less;
- iii. The duty credit shall be issued against claim of duty credit under the Scheme made by an exporter by providing the appropriate declaration at the item level in the shipping bill or bill of export in the customs automated system;
- iv. The duty credit shall be issued against the shipping bill or bill of export, presented under section 50 of the Customs Act, 1962 on or after the 1st day of January, 2021, and where the order permitting clearance and loading of goods for exportation under section 51 of the said Act has been made;
- v. The duty credit shall be issued after the claim is allowed by Customs upon necessary checks, including on the basis of risk evaluation through appropriate selection criteria, and after filing of export manifest or export report;
- vi. The duty credit shall be issued in accordance with any rules or regulations issued in relation to duty credit, e-scrip or electronic duty credit ledger;



- vii. The export categories or sectors listed in Table below shall not be eligible for duty credit under the Scheme:

<b>Sl. No.</b>	<b>Export Categories or Sectors Ineligible for duty credit</b>
1.	Goods which are restricted or prohibited for export under Schedule-2 of Export Policy in ITC-HS
2.	Export of imported goods covered under paragraph 2.46 of Foreign Trade Policy
3.	Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India
4.	Goods subject to minimum export price or export duty
5.	Deemed exports under Foreign Trade Policy
6.	Goods manufactured or exported by any of the units situated in Special Economic Zone/ Free Trade Warehousing Zone/Electronic Hardware Technology park/Bio-Technology park/ Export Processing Zone
7.	Goods manufactured or exported by a unit licensed as hundred per cent Export Oriented Unit
8.	Goods exported under Advance Authorisation or Duty Free Import Authorisation issued under the relevant Foreign Trade Policy
9.	Goods manufactured and supplied by units in Domestic Tariff Area to units in Special Economic Zone/Free Trade Warehousing Zone
10.	Goods manufactured in Special Economic Zone/Free Trade Warehousing Zone/Export Oriented Unit / Electronic Hardware Technology Park /Bio-Technology Park/Export Processing Zone and exported through DTA unit
11.	Goods manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962)
12.	Goods availing the benefit of the notification No. 32/1997-Customs, dated the 1st April, 1997
13.	Goods for which claim of duty credit is not filed in a shipping bill or bill of export in the customs automated system
14.	Goods that have been taken into use after manufacture.

- viii. The duty credit allowed under the Scheme against export of goods notified in the Appendix shall be subject to realization of sale proceeds in respect of such goods in India within the period allowed under the Foreign Exchange Management Act, 1999 (42 of 1999); failing which such duty credit shall be deemed to be ineligible;
- ix. The duty credit shall be allowed under the scheme only if the imports and exports are 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;
- x. The duty credit under this scheme shall be allowed to the exporter subject to the condition that the exporter has realised the sale proceeds against export of goods made earlier by the said exporter where the period allowed for realization, including any extension of the said period by the Reserve Bank of India, has expired:
- Provided** that duty credit shall be issued by Customs in excess of the ineligible amount of duty credit pertaining to the unrealised portion of sale proceeds against export of goods made earlier:
- Provided further** that if the Principal Commissioner of Customs or Commissioner of Customs has reason to believe, on the basis of risk evaluation or on the basis of enquiry, that the claim of duty credit made by an exporter on export goods may not be bona fide, he may direct, for reasons to be recorded in writing, to allow duty credit after realisation of sale proceeds of such exports;
- xi.** The duty credit under the Scheme for exports made to Nepal, Bhutan and Myanmar shall be allowed only upon realization of sale proceeds against irrevocable letters of credit in freely convertible currency established by importers in Nepal, Bhutan and Myanmar in favour of Indian exporters for the value of such goods.

### **ISSUANCE OF DUTY CREDIT IN THE SCROLL:**

Regulation 3 of the Electronic Duty Credit Ledger Regulations, 2021, notified vide Notification No. 75/2021-Customs (N.T.) dated 23.09.2021 makes provision regarding issuance of duty credit in the scroll. As per Regulation 8, a shipping bill or a bill of export, presented under section 50 of the Act on or after the 01st day of January, 2021 and having a claim of duty credit under the Scheme, shall be processed in the customs automated system, including on the basis of risk evaluation through appropriate selection criteria. The claim shall be allowed by Customs after the filing of export manifest or export report as per the conditions and restrictions notified for the Scheme under Notification No. 76/2021-Customs-N.T. dated 23.09.2021. 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 Scheme. The scroll details, including the details of shipping bill or bill of export, duty credit allowed and date of generation of scroll, shall be visible in the customs automated system to the exporter who is the recipient of such duty credit.

### **CREATION OF e-SCRIP IN THE LEDGER:**

Regulation 4 of the Electronic Duty Credit Ledger Regulations, 2021, notified vide Notification No. 75/2021-Customs (N.T.) dated 23.09.2021 makes provision regarding creation of e-scrip in the ledger. As per Regulation 4-

- i.** The exporter shall have the option to combine the duty credits under a particular Scheme, allowed to him in one or more shipping bills or bills of export, and to carry forward the said duty credits to create an e-scrip for that Scheme in the ledger, customs station-wise according to the customs station of export, within a period of one year from the date of generation of the scroll in the customs automated system.

**Provided** that if the exporter does not exercise the said option of creating the e-scrip within the said period of one year, duty credit in each scroll will be combined customs station-wise for each Scheme and will be automatically created by the customs automated system as a single e-scrip for duty credit for that Scheme, for each customs station, in the ledger of the said exporter.

- ii.** Each e-scrip shall have a unique identification number and date of its creation and all transactions in the ledger shall be carried out using the said number and date.

#### **REGISTRATION OF e-SCRIP:**

Regulation 5 of the Electronic Duty Credit Ledger Regulations, 2021, notified vide Notification No. 75/2021-Customs (N.T.) dated 23.09.2021 makes provision regarding registration of e-scrip, according to which-

- i.** The customs station of export shall be the customs station of registration for an e-scrip.
- ii.** The registration of e-scrip shall be automatic and separate application for the same shall not be required to be filed.

#### **USE AND VALIDITY OF e-SCRIP:**

Regulation 6 of the Electronic Duty Credit Ledger Regulations, 2021 makes provision regarding use and validity of e-scrip, according to which-

- i.** The duty credit available in the e-scrip in the ledger shall be used for payment of duties of Customs specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).
- ii.** The e-scrip shall be valid for a period of one year from the date of its creation in the ledger and any duty credit in the said e-scrip remaining unutilized at the end of this period shall lapse.
- iii.** Such duty credit in the e-scrip that has lapsed shall not be re-generated.
- iv.** The ledger, including e-scrip and the transactions made therein, shall be visible in the customs automated system to the recipient of such duty credit and the Customs.

#### **TRANSFER OF DUTY CREDIT IN e-SCRIP:**

Regulation 7 of the Electronic Duty Credit Ledger Regulations, 2021 makes provision regarding transfer of duty credit in e-scrip. As per regulation 7-

- i.** Transfer of duty credit in e-scrip shall be allowed within the customs automated system from the ledger of a person to the ledger of another person who is a holder of an Importer-exporter Code Number issued in terms of the Foreign Trade (Development and Regulation) Act, 1992.

- ii.** The duty credit available in an e-scrip shall be transferred at a time for the entire amount in the said e-scrip to another person and transfer of the duty credit in part shall not be permitted.
- iii.** The period of validity of the e-scrip, of one year from its creation, shall not change on account of transfer of the e-scrip.
- iv.** The ledger of the transferee, including e-scrip and the transactions made therein, shall be visible in the customs automated system to the transferee and the Customs.

#### **SUSPENSION OR CANCELLATION OF DUTY CREDIT ISSUED UNDER RoDTEP SCHEME:**

Regulation 8 of the Electronic Duty Credit Ledger Regulations, 2021, notified vide Notification No. 75/2021-Customs (N.T.) dated 23.09.2021 envisages that in case where a person contravenes any of the provisions of the Customs Act, 1962 or any other law for the time being in force or the rules or regulations made thereunder in relation to the exports to which the duty credit relates, or in relation to the e-scrip, the said duty credit or e-scrip may be suspended or cancelled in the ledger in the manner as notified by the Central Government under section 51B of the Customs Act, 1962.

Further, in exercise of the powers conferred under section 51B of the Customs Act, 1962, the Department of Revenue, vide Clause 3 of Notification No. 76/2021-Customs (N.T.) dated 23.09.2021 specified the manner of cancellation of the duty credit, which is reproduced as under:

“(1) Where a person contravenes any of the provisions of the Customs Act, 1962 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 Principal Commissioner of Customs or Commissioner of Customs having jurisdiction over the customs station of registration of the e-scrip may, after enquiry, pass an order to cancel the said duty credit or e-scrip.

(2) Where 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.

(3) The proper officer of Customs may, without prejudice to any other action that may be taken under this Act or any other law for the time being in force, 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 under sub-clause (1)”.

**RECOVERY OF AMOUNT OF DUTY CREDIT ISSUED UNDER RoDTEP SCHEME:**

If for any reason, an amount of duty credit under the RoDTEP Scheme is allowed in excess of what exporter is entitled or if the export proceeds are not realised, there are provisions for recovery of that duty credit amount. Clause 4 and Clause 5 of Notification No. 76/2021-Customs (N.T.) dated 23.09.2021 of the Department of Revenue deals with the manner of recovery of amount of duty credit allowed to the exporter in excess and recovery of amount of duty credit where export proceeds are not realised respectively. The provisions of Clause 4 and 5 of the Notification are explained as under:

**Clause 4. Recovery of amount of duty credit:**

(1) Where an amount of duty credit has, for any reason, been allowed in excess of what the exporter is entitled to, the exporter shall repay the amount 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 Customs Act, 1962 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.

(2) The duty credit amount that an exporter is so required to repay under sub-clause (1) shall be deemed never to have been allowed, and if the exporter fails to repay the said amount within a period of fifteen days along with interest so demanded, then the proper officer of Customs i.e. Deputy Commissioner or Assistant Commissioner of Customs may, without prejudice to any action against the exporter, proceed for recovery of the said duty credit amount from the transferee in the manner as provided in section 142 of the said Act.

**Clause 5. Recovery of amount of duty credit where export proceeds are not realised. –**

(1) Where an amount of duty credit has been allowed to an exporter but the sale proceeds in respect of such export goods have not been realized by the exporter in India within the period allowed under the Foreign Exchange Management Act, 1999 (42 of 1999), the exporter shall, himself or on demand by the proper officer, repay the amount of duty credit, along with interest, at the rate as fixed under section 28AA of the Customs Act, 1962 for the purposes of that section, within fifteen days of expiry of the said period.

(2) In case any extension of the said period for realisation of sale proceeds has been given by the Reserve Bank of India and the exporter produces evidence of such extension to the proper officer, and if the said sale proceeds are not realised in such extended period, the exporter shall repay the said amount of duty credit along with the said interest, within fifteen days of expiry of the said period.

(3) If a part of the sale proceeds has been realized, the amount of duty credit to be recovered shall be the amount equal to that portion of the amount of duty credit allowed which bears the same proportion as the portion of the sale proceeds not realized bears to the total amount of sale proceeds.

(4) Where the exporter fails to repay the duty credit amount within the said period of fifteen days, the said duty credit shall be deemed never to have been allowed and it shall be recovered, along with the said interest, in the manner as provided in section 142 of the said Act.

(5) The proper officer of Customs may, without prejudice to any action against the exporter, proceed for recovery of said duty credit amount from the transferee in the manner as provided in section 142 of the said Act.

6. During the pendency of any recovery, as provided in clauses 4 and 5, no further duty credit, on any subsequent exports, shall be allowed to such exporter till the time such recovery is made and any unutilised duty credit with the exporter or the transferee shall be suspended pending such recovery.

#### **PROCEDURE TO AVAIL THE BENEFITS UNDER RoDTEP SCHEME:**

Detailed ICES Advisory No. 50/2020 dated 31.12.2020 and Advisory No. 22/2021 dated 30.09.2021 have been issued by the Directorate General of Systems and Data Management, outlining the manner of enabling RoDTEP

claims in the Shipping Bills, processing of claims, Scroll Generation, generation of duty credit scrips and utilization of scrips in imports.

The mandatory steps to avail the benefits under RoDTEP Scheme are as follows -

**A. Declaration in the Shipping Bills -**

It is mandatory for the exporters to indicate in their Shipping Bill whether or not they intend to claim RoDTEP on the export items. Unlike Drawback, there will be no need to declare any separate code or schedule serial number for RoDTEP.

The exporter will have to make following declarations in the SW\_INFO\_TYPE Table of the Shipping Bill for each item:

<b>INFO TYPE</b>	<b>DTY</b>
<b>INFO QFR</b>	<b>RDT</b>
<b>INFO CODE</b>	<b>RODTEPY-If RoDTEP is availed RODTEPN-If not availed</b>
<b>INFO MSR</b>	<b>Quantity of the items in statistical UQC as per the Customs Tariff Act for that item RITC</b>
<b>INFO UQC</b>	<b>UQC for the quantity indicated in INFO_MSR</b>

**[Note: If RODTEPY is not specifically claimed in the Shipping Bill, no RoDTEP would accrue to the exporter. No changes in the claim will be allowed after the filing of EGM]**

Additionally, for every item where RODTEPY is claimed in INFO CODE, a declaration has to be submitted in the Statement Table of the Shipping Bill as below.

<b>STATEMENT TYPE</b>	<b>DEC</b>
<b>STATEMENT CODE</b>	<b>RD001</b>

Submission of the above statement code for RoDTEP availed items would indicate that the exporter has made the necessary declaration, while claiming RoDTEP benefit.

The following declaration should be filed as part of the shipping bill:

*“I/ We, in regard to my/our claim under RoDTEP scheme made in this Shipping Bill or Bill of Export, hereby declare that:*



1. *I/ We undertake to abide by the provisions, including conditions, restrictions, exclusions and time-limits as provided under RoDTEP scheme, and relevant notifications, regulations, etc., as amended from time to time.*
2. *Any claim made in this shipping bill or bill of export is not with respect to any duties or taxes or levies which are exempted or remitted or credited under any other mechanism outside RoDTEP.*
3. *I/We undertake to preserve and make available relevant documents relating to the exported goods for the purposes of audit in the manner and for the time period prescribed in the Customs Audit Regulations, 2018.”*

**B. Processing of the claim:**

- i. Based on the declarations in the Shipping Bill, system will process the eligible RoDTEP;
- ii. The Shipping Bills with RoDTEP claim will now be routed for officer intervention based on Risk based targeting by RMS. All the Shipping Bills will be sent to RMS after the EGM is filed. Based on the input by RMS, Shipping Bills will either come to officer for processing of RoDTEP benefits or will directly be facilitated to the scroll queue without any officer intervention.
- iii. The benefit will be calculated in the shipping bill with the actual ad valorem rates but not exceeding per unit value caps if any, on value equal to declared export FOB value of the said goods or up to 1.5 times the market price of the said goods, whichever is less. The RoDTEP claims would be processed either by the officer or facilitated by RMS and after processing, the shipping bill will be available for generation of scroll. Since both Drawback and RoDTEP will be calculated on the same value of the export item, they will be processed in System together by the same officer from the **DBK\_AC** role. Any change in value by the officer at this stage will result in changes in both Drawback as well as RoDTEP amounts. In case where only RoDTEP is claimed, the same can also be processed in the same role. In addition to classification and valuation related checks, the sanctioning officers may also verify that any other conditions and exclusions notified by the Board are not violated.

- iv. Once the Shipping Bill is processed for RoDTEP either by the officer or as per facilitation by RMS, it will move to the respective scroll queues. In case a suspension is placed on any exporter/Shipping Bill for Drawback, the same will also be applicable for the purpose of scrolling out of RoDTEP benefits.

**C. Scroll Generation:**

Post filling of Gateway EGM (Export general Manifest) in respect of the processed shipping bills, the RoDTEP Scrolls will be generated by the customs location in ICES. The scroll for shipping bills could be generated on FIFO basis w.e.f. 01.01.2021. The Officers will verify the correctness of the scroll amounts indicated in the temporary scroll before the final scroll is generated, like it is done for DBK and IGST scrolls. As usual, the scrolls can be generated for different dates (i.e., for each calendar date as per the shipping bills ready for scroll up to that particular date). This is also being done for equitable distribution of benefit as the quantum of benefit is limited to budgetary grant and is not unlimited.

**D. Claiming of Duty Credits and Generation of Credit Scrips:**

- i. Once the RoDTEP scroll is generated, the duty credit amount will be available within the RoDTEP Credit Ledger Account created for the IEC holder (or exporter) in their ICEGATE login to claim and convert it into a duty credit scrips. In case the exporters have not registered on ICEGATE already with their digital signatures, they may refer to the advisory [[Registration Advisory ver 1.2](https://icegate.gov.in/Download/v1.2_Advisory_Registration_APPROVED.pdf) ([https://icegate.gov.in/Download/v1.2\\_Advisory\\_Registration\\_APPROVED.pdf](https://icegate.gov.in/Download/v1.2_Advisory_Registration_APPROVED.pdf)) and [Simplified Registration Advisory Ver 1.0](https://icegate.gov.in/Download/Advisory_for_Simplified_%20Registration_at_ICEGATE_v1.pdf) ([https://icegate.gov.in/Download/Advisory\\_for\\_Simplified\\_%20Registration\\_at\\_ICEGATE\\_v1.pdf](https://icegate.gov.in/Download/Advisory_for_Simplified_%20Registration_at_ICEGATE_v1.pdf))] and complete registration in order to avail the benefits of RoDTEP.
- ii. The exporter will be able to club the credits allowed for any number of Shipping Bills at a port and generate a credit scrip for the same on ICEGATE portal. Scrips once generated will reflect in the exporter's ledger and will be available for utilization in paying eligible duties during imports or for transfer to any other entity having IEC

and a valid ICEGATE registration. A detailed advisory has been published on the ICEGATE Portal outlining the process of claiming the duty credit scrips in ledger, transfer thereof to other IEC holder and utilization for the purpose of duty payment.

**E. Utilization of scrips in import:**

- i. The owner of the Scrip (either the original exporter beneficiary or any other IEC to whom the scrip was transferred on ICEGATE Portal) can use these duty scrips in the Bill of Entry for payment of the duty of customs leviable under the first schedule to the Customs Tariff Act, 1975 i.e. Basic Customs Duty (BCD) only by giving the details of the scrips in the license table of the Bill of Entry.
- ii. The scheme code to be used in Bill of Entry for these scrips would be “RD” along with Notification No. as “RODTEP”.

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