

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

The Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme was announced in 2019 by the Government of India and it became effective on 1 January 2021. In this article, you can learn all about the RoDTEP Scheme, its provisions, need and benefits, from an [IAS exam](#) perspective.

### What is RoDTEP Scheme?

The RoDTEP Scheme allows exporters to receive refunds on taxes and duties that are not exempted or refunded under any other scheme.

- Under the scheme, exporters receive refunds on the embedded taxes and duties previously non-recoverable.
- The chief aim of the scheme is to boost the export of goods that were poor in volume.
- The scheme basically replaces the Merchandise Export from India Scheme (MEIS).
- The scheme provides for rebates of Central, State and Local duties/taxes/ levies which are not refunded under any other duty remission schemes.
- The RoDTEP scheme can be said to be a combination of the MEIS and the Rebate of State and Central Taxes and Levies (RoSCTL).
- Under this scheme, refund would be claimed as a percentage of the Freight On Board (FOB) value of exports.

### Need for RoDTEP Scheme

In 2018, the United States challenged five Indian export subsidy schemes in the [World Trade Organisation \(WTO\)](#).

The five schemes were:

1. Merchandise Export from India Scheme (MEIS)
2. Export Oriented Units (EOU)
3. Electronics Hardware Technology Parks (EHTP)
4. Special Economic Zone (SEZ)
5. Export Promotion Capital Goods (EPCG)

In October 2019, WTO ruled that these schemes are inconsistent with the WTO agreements for providing prohibited export subsidies. The WTO panel recommended to the Indian government that these schemes should be withdrawn.

In response, the Indian government came up with the RoDTEP scheme which is WTO-compliant.

### Features of RoDTEP Scheme

The following are the salient features of the RoDTEP Scheme.

- Remission of taxes/duties/levies
  - It covers duties and taxes levied at the central, state and local levels that are not reimbursed under any other mechanism. Items that were under the MEIS and the RoSCTL are shifted to the RoDTEP.
- Automated refund system
  - Refunds will be issued to exporters as transferable duty credit/electronic scrips and maintained in an electronic ledger. This is keeping in line with the [Digital India](#) mission.
  - This can be used to pay basic customs duty on imported goods. The credits can also be transferred to other importers.
- Speedy clearance through digitalisation
  - Faster clearance through a digital platform will be facilitated through a monitoring & audit mechanism, with an IT-based risk management system that would physically verify the exporters' records.
- Scheme for all sectors
  - The scheme is applicable across all sectors.

### **RoDTEP Benefits**

Being WTO-compliant, the RoDTEP scheme can make available from the government benefits to the exporters seamlessly.

- The scheme is more exhaustive in that certain taxes that were not covered under the previous scheme are also included in the list, for example, education cess, state taxes on oil, power and water.
- It will add more competitiveness in the foreign markets, with assured duty benefits by the Indian Government.
- It will also help exporters meet international standards and promote business growth.

### **Taxes to be reimbursed under RoDTEP:**

VAT on fuel used in transportation	Mandi Tax
VAT on fuel used in generation of captive power	VAT on fuel used in the farm sector- for farm products only
Embedded SGST paid on inputs such as pesticides, fertilizers, etc. used in production of agricultural goods	Duty on electricity charges
Stamp duty on export documents	Embedded SGST in purchases from unregistered dealers
Embedded SGST on coal used in production of electricity	Embedded SGST on inputs for the transport sector
Embedded CGST paid on inputs such as fertilizers, pesticides, etc. used in production of raw materials	Central Excise duty on fuel used in transportation
Embedded CGST and compensation cess on coal used in production of electricity	Embedded CGST in purchases from unregistered dealers
Embedded CGST on inputs for the transport sector	

## RoDTEP vs MEIS

Feature	MEIS	RoDTEP
Incentive scheme	Incentive on exports of goods in form of transferable scrips	Refund of indirect taxes on inputs used in the manufacture of exported products that are not being currently reimbursed in any other existing schemes
Mode	Issued in the form of transferable scrips (physical copy)	Issued in the form of transferable duty credit/ electronic scrip, which will be maintained in electronic ledger
WTO compliant	No	Yes
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 percentage way of reward
Transferable	Transferable in open market	Transferable in open market

### Eligibility for RoDTEP Scheme

The following section discusses the eligibility to avail of benefits under the scheme.

1. All sectors shall be covered under the scheme. Labour-intensive sectors will be accorded a priority.
2. Both manufacturer exporters and merchant exporters (traders) are eligible.
3. There is no turnover threshold for availing benefits under the scheme.
4. Re-exported products are not eligible under this scheme.
5. The exported products should have India as their country of origin to be eligible for benefits under the scheme.
6. Special Economic Zone Units and Export Oriented Units are also eligible.
7. The scheme also applies to goods that have been exported via courier through e-commerce platforms.

### RoDTEP Scheme Issues

In cases where the benefit of other schemes like EOU, Advance Authorization, Jobbing, etc has been availed, the benefit of RoDTEP has been prohibited. In schemes such as EOU, Advance Authorization, Jobbing, etc. only those indirect taxes that are levied on inputs that are necessary for the manufacturing of exported products (the immediate ones) are refunded but not all the taxes or duties/levies that are incurred in the entire value chain.