GOVT ASSESSING CASH OUTGO ON PROPOSED SCHEME OF INPUT TAX REIMBURSEMENT FOR EXPORTERS

The Department of Expenditure is examining the financial implications of the proposed extension of the new input tax reimbursement scheme, the Rebate on State & Central Taxes & Levies (RoSCTL), for all export sectors.

The implementation of the RoSCTL scheme, so far extended only for garments and made-ups, will be done in a phased manner for all sectors in tandem with the phasing out of the Merchandise Export Incentive Scheme (MEIS).

The RoSCTL, which replaces the Rebate of State Levies (RoSL) scheme that reimbursed only certain State taxes, includes all embedded and other taxes that are not covered under existing schemes. These include value added tax on fuel used in transportation, captive power, farm sector, mandi tax, duty of electricity, stamp duty, embedded SGST and CGST paid on inputs and central excise duty on fuel. The maximum rate of rebate for apparel was fixed at 6.05 per cent and for made-ups at 8.2 per cent.

The reimbursement of duties under the RoSCTL is through freely transferable scrips that can be used to pay duties.

Source: Business Line