

RoDTEP scheme-'Teething troubles' prevent govt from announcing tax refund rates

A few 'teething troubles' are holding up the government from notifying the tax refund rates for the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme.

Going live from January 1, 2021, the RodTEP scheme is the government's foremost export incentive scheme now after the shutdown of the erstwhile Merchandise Exports from India Scheme (MEIS). It aims to refund to exporters the embedded duties and taxes such as VAT on fuel used in transportation, Mandi tax and Duty on electricity used during manufacturing, that were so far not being refunded. While the government has clarified that the rebate would be claimed as a percentage of the Freight on Board value of exports, it is yet to bring out the specific refund rates.

However, sources say that the rates are taking longer to be finalized given that the Commerce Department is working with a smaller-than-expected budget for the scheme.

Exporters remain particularly irked at the government for not announcing the rate of tax benefits for even a single product under RoDTEP more than three months after it went live. Remaining in the dark about the amount of government support they may receive, exporters are unable to estimate their cost of production and therefore are currently facing difficulty in taking up foreign orders.

The move aims to involve state and district level stakeholders in export promotion activities. This decentralization aims to boost local production and tap into the key insights from the grassroots. As a result of the greater synergy, district-wise export data is now being generated by the ICEGATE/DGCIS to track the export performance from each districts.

The DGFT added that institutional mechanism in the form of separate export promotion councils at state and district levels are being created to address the bottlenecks for export growth. Specific action plans to boost outbound trade are also being finalized by them in each district, with draft action plans having been prepared by DGFT's regional authorities in 451 districts.

Source: The Economic Times