

Exporters fret over delay in rebate rates

The RoDTEP scheme came into effect on Jan. 1 but lack of clarity is hampering sector's ability to price

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Even as exporters fret over an inordinate delay in notification of the rates under a new WTO-compliant scheme for rebating taxes and duties to the export sector, they are also seeking greater clarity from the government on some grey areas in the scheme's functioning, according to tax consultancy firm RSM Astute.

'Very near future'

On Tuesday, Commerce Secretary Anup Wadhawan had said that the rates under the RoDTEP (Remission of Duties and Taxes on Export Products) scheme, which came into effect on January 1, would be notified in the 'very, very near future'.

Exporters have been urg-



Booster dose: Due to COVID-19, India's exports may require more stimulus, RSM Astute said. ■ B. JOTHI RAMALINGAM

ing the government to lift the uncertainty over the benefits that would accrue to them under the scheme, as they are finding it difficult to price fresh global orders in

the absence of the crucial information especially in sectors with thin margins.

"The trade and industry is hopeful that the scheme's operation would be smooth,

and concerns would be addressed in the early stages of operationalisation," RSM Astute noted in a white paper on the scheme. "Due to COVID-19, India's exports may require more stimulus and the exporters hope that RoDTEP would not be an impediment to their business plans," it added.

Grey areas

The consultancy flagged the power given to Customs officers to suspend the scrips or refund credits or even to bar exporters from utilising these scrips especially as the grounds on which such suspensions could be done have not been spelt out.

As per government statements, the refund of taxes on exports would be credited to exporters' ledger ac-

count with the Customs department, which could be utilised to pay basic customs duty on imported goods. "Clarity would be required whether the refund could be utilised to pay other taxes on imported goods such as IGST and Social Welfare Surcharge," the tax consultant said. Under the MEIS scheme, which RoDTEP has replaced, these refund credits could be used to pay customs duty, additional customs duty (with some exceptions) as well as central excise duties.

The delay in operationalising the scheme is affecting the exporters by restricting their ability to price products competitively and the uncertainty was making it harder to finalise contracts, RSM Astute pointed out.