

DGFT UPDATE

Relief to Exporters by the Government by extending them the export incentives and exemptions



Extension of FTP 2015-20, continuation of MEIS Scheme and introduction of RoDTEP Scheme

Foreign Trade Policy 2015-20, which was due to be expired on 31st March 2020, has been extended to 31st March 2021. DGFT has, in this regard made various other changes in the FTP extending the validity and time periods of various provisions and thus granting relief to the exporters and importers in the present troubled times. Notification No. 57/2015-20 and Public Notice No. 67/2015-20, both dated 31-3-2020 have been issued for the purpose. Some of the important changes made from indirect taxes prospective are highlighted below:-

S. No.	Name of Scheme	Extension Benefit
1.	MEIS Scheme	Exports for which Let Export Order (LEO) date is between 1-2-2019 and 31-5-2019, the applications can be filed within 15 months from LEO date, instead of 12 months.
2.	SEIS Scheme	Last date for filing SEIS application for exports made during 2018-19 will be 31-12-2020, instead of 31-3-2020. For F.Y. 2019-20, the rates and eligible service categories shall be provided. And decision to continue the SEIS Scheme for the exports from 1-4-2020 onwards, will be taken later.
3.	Advance Authorization Scheme	IGST & Compensation cess exemption has been extended up to 31-3-2021.
4.	RoSCTL Scheme	Last date for filing RoSCTL (Rebate of State and Central Levies and Taxes) application for shipping bills having LEO date from 7-3-2019 to 31-12-2019, has been extended from 30-6-2020 to 31-12-2020.

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5.	DFIA Scheme	All DFIA's (including transferable DFIA's), where the validity for import is expiring between 1-2-2020 to 31-7-2020, the validity stands extended by six months from the date of expiry.
6.	EPCG Scheme	IGST & Compensation cess exemption has been extended up to 31-3-2021.
7.	EOU Scheme	IGST & Compensation cess exemption extended up to 31-3-2021.

In terms of various schemes mentioned above and especially MEIS Scheme, India has long been struggling to maintain its stand before the World Trade Organization. The WTO Agreement on Subsidies and Countervailing Measures (SCM Agreement), to which India is also a party, prohibits member countries to enforce any subsidies contingent upon export performance. Thus rendering MEIS scheme of Indian FTP non-compliant to WTO SCM agreement.

In response to above the Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi, vide press release dated 13th March 2020 has given its approval for introducing the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP).

At present, GST taxes and import/customs duties for inputs required to manufacture exported products are either exempted or refunded. However, certain taxes/duties/levies are outside GST, and are not refunded for exports, such as, VAT on fuel used in transportation, Mandi tax, Duty on electricity used during manufacturing etc. These would be covered for reimbursement under the RoDTEP Scheme. The rebate would be claimed as a percentage of the Freight On Board (FOB) value of exports.

In order to give effect to above decision, DGFT vide Trade notice No. 03/2020-21 dated April 15, 2020 has clarified on Manner of Continuation of MEIS Scheme and introduction of RoDTEP Scheme whereby it is clarified that:-

- Benefits under MEIS for any item/tariff line /HS Code currently listed in Appendix 3B, Table 2 (MEIS Schedule) will be available only up to 31.12.2020;
- Prior to 31.12.2020, as and when an item/tariff line/HS code is notified to be covered under RoDTEP Scheme, it would at the same time be removed from coverage under MEIS;
- Detailed operational framework for the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) will be notified separately in consultation with Department of Revenue, Ministry of Finance.

A brief comparison of **MEIS Scheme and RoDTEP Scheme** is given as under

Aspects	MEIS	RoDTEP
Scheme of Incentive	Additional Incentive on Exports of goods apart from other refunds and drawbacks available on undertaking the said exports.	Refund of Indirect taxes on Inputs used in the manufacture of exported product which is not being currently reimbursed by any other existing schemes.
WTO Compliance	Non-Compliant with WTO trade norms	Compliant with WTO trade norms.
Incentive Percentage	2% to 5% of FOB value of Exports.	Product based % way of reward – Expected to be lesser than the existing MEIS Incentive scheme [To be notified later]
Mode of Issuance	Issuance in the form of transferable scrips (Hardcopy/ downloadable)	Issuance in the form of transferable duty credit/ electronic scrip which will be maintained in electronic ledger.
Transferability	Freely Transferable	Freely Transferable

For more details, please refer the circular link given below:-

<https://dgft.gov.in/policies/trade-notices>

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