



Tax alert: **Mandatory filing of annual RoDTEP returns**

27 October 2024

The Directorate General of Foreign Trade ('DGFT'), vide Public Notice No. 27/ 2024-25 dated 23 October 2024, has mandated filling of **Annual Return** for exporters claiming the Remission of Duties and Taxes on Exported Products ('RoDTEP') benefit, above a specified amount. The required procedure has also been notified.

Background:

The RoDTEP scheme was notified with an objective to neutralise the taxes and duties suffered on exported goods which are otherwise not credited, remitted or refunded in any manner. The benefit is given as percentage of FOB or fixed amount per unit of measurement, as prescribed.

The requirement of ARR has been introduced with an intent to assess the nature of inputs used in export production and amount of actual taxes and duties incurred thereon.

Salient features:

Timeline for filing of ARR: For the RoDTEP claims filed in a particular financial year, the ARR must be filled on the DGFT portal by **31 March** of the next financial year.

(For instance, RoDTEP claims information for FY 2023-24 shall be required to be filed by 31 March 2025.)

Entities liable for filing of return: The requirement for filling the ARR is to begin with exporters, whose total RoDTEP claim exceeds **INR 1 crores** in a financial year across all 8-digit HS Codes.

Consequences of non-compliance: Non-reporting of the ARR shall lead to denial of benefits under the RODTEP scheme and **no further scroll out of RODTEP claims** for the shipping bills will be permitted at the Customs Port of Export after 30 June. Further, a **composition fee** of INR 10,000 is to be paid for delayed filling of ARR, up to 30 June. Thereafter, composition fees of INR 20,000 will need to be paid, for resumption of scrolls.

Risk based scrutiny of returns: ARR filings may be periodically **assessed**. Certain ARR cases may also be identified by the IT-assisted risk-based criteria for further scrutiny.

Key content of ARR:

An individual manufacturer/ manufacturer-exporter needs to submit separate data under ARR for each product. The data to be provided in ARR includes:

- Export clearance of goods (Quantity and FOB value)
- VAT and Excise duty incurred on inbound and outbound transport (by road and rail)
- Electricity duty and stamp duty paid
- Fuel used in captive power generation

- Embedded CGST and SGST in purchases from unregistered dealer
- Taxes/ duties/ levies on input and raw material consumed in export production.

Comments:

The RoDTEP scheme operates in a budgetary framework for each financial year and necessary calibrations and revisions are made, as and when required based on the data submitted by the industry every year on a voluntary basis.

However, a significant onus with respect to the mandatory compliance would now lie on the exporter. It would be imperative for them to have the requisite processes and systems (including technology solution) in place to comply with the requirements, especially considering the denial of RoDTEP benefit on failure to do so.

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