TAXCONNECT

Remission of Duties & Taxes on Export Products - RoDTEP Study

By -

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About RoDTEP

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1. MEIS will be discontinued This scheme (RoDTEP) will reimburse taxes/duties/levies at the central, state and local level, which are currently not being refunded.

2. Under the RoDTEP, the benefit to exporters shall be given by *DGFT in the form of transferable duty credit/electronic scrip, which will be maintained in an electronic ledger.*

3. The rebate would be claimed as a percentage (%) of the Freight On Board (FOB) value of exports.

4. 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;

Brief Methodology

1. We have calculated the embedded taxes on Inputs and Input Services as follows:

a. Taxes and duties paid on purchase -
   (i)Central Excise duty and VAT paid on the purchase of the materials
   (ii)GST paid on the purchase whose credit is not available as per the provisions of the GST Law.

b. GST embedded on the purchases made from the **unregistered** dealer.

c. Taxes and Duties embedded on the inward supplies of Companies, by computing the **embedded taxes for the supplier** – as a Percentage of Sales, which was included in the cost of sales for the supplier, thereby passing on the incidence of such embedded tax to the tea companies.

2. The Average Export Price of product is taken the Industry as a whole

3. RoDTEP Rate is calculated as (1 / 2) %

Embedded Tax on Eatable Material

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We have taken the financials of the a company where the Revenue from rice contributes to more than 90% of the total turnover of the Company. We have calculated the taxes payable on the inputs used in effecting the sales of the product. It is distributed to the factory workers.

Embedded Tax on the product sold under registered/ Unregistered brand

1. Goods and Services Tax paid and credit not available.
2. Embedded GST on fertilizers, pesticides, Manure & Irrigation Products used in the Paddy or product purchased
3. Embedded taxes on Electricity incl. Electricity Duty
4. Fees rates and taxes

Embedded Tax on DIESEL

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1.Central Excise and VAT –

a) The Central Excise has been calculated at the rate of Rs ..../- ltr, rate of duty effective 30.6.2020.

b) The VAT has been calculated at the rate of .... paise in the rupee or Rs. ..... per litre, whichever is higher.

..... Embedded Tax on DIESEL...

Embedded Tax Other than Central Excise and VAT

We have taken the financials of the BPCL, a company where the Revenue from Diesel contributes to 52.74% of the total turnover of the Company. We have calculated the taxes payable on the inputs used.

1. Cess, rates, duties and taxes
2. Goods and Services Tax paid and credit not available
3. Embedded taxes on Electricity incl. Electricity Duty
4. Electricity Duty - We have taken an average rate of Electricity in the three states

Other Costs

- ❑ Natural Gas
- ❑ Coal
- ❑ Electricity
- ❑ Warehousing Charges
- ❑ Ocean Freight
- ❑ Flight
- ❑ GTA
- ❑ Courier

Raw Material – R3

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We have considered a product …. as the Raw Material and calculated embedded Taxes as under –

Total Duty incidence for the Exported Product in terms of Rs per UQC of the Product

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Total Value of raw material used the Manufacture Exported Product / Total Export Quantity

Average Export Sales & RoDTEP% Calculation

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We have considered the Industry Average Sales Price Per Unit for the exports made during the financial year 2018-19 as per the data available

RoDTEP % = Embedded Taxes per UQC / Average Export Price per UQC

Major Assumptions

1. The time period of the study as per the format was 1.10.19 – 31.3.20. However incase of seasonal product and availability of the data, we have taken a hybrid period, but always 1 year.

2. Format R2 may be elaborated extensively.

3. The study has been made on a sample size.

THANK YOU

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