File on Time, Export with Confidence: RoDTEP Annual Return Essentials

Description

In a recent development, the **Directorate General of Foreign Trade (DGFT)** has introduced the **Annual RoDTEP Return (ARR)** through **Public Notice No. 27/2024-25**, dated **23rd October 2024**. This blog will break down the key aspects of the ARR, its implications, and how exporters can ensure compliance

(A) Key Highlights of Public Notice No. 27/2024-25:

1. **What is the Annual RoDTEP Return (ARR)**
    - The **Annual RoDTEP Return (ARR)** is a mandatory filing requirement for exporters who have claimed RoDTEP benefits exceeding **Rs. 1 crore** in a financial year. The ARR is designed to assess the nature of inputs used in export production and the actual taxes and duties incurred, as permitted under **Paragraph 4.54 of the Foreign Trade Policy (FTP)**
2. **Mandatory Filing of ARR**
    - **Who Needs to File?**: Exporters (IECs) whose total RoDTEP claims exceed **Rs. 1 crore** in a financial year across all 8-digit HS codes. It is important note that if the total RoDTEP **claim value** exceeds Rs. 1 crore, the ARR must be filed, even if the actual claim received is less than Rs. 1 crore. For example – If the total RoDTEP claim value is Rs. 1,00,00,000, however, the actual claim received is Rs. 95,00,000, the exporter is required to file the Annual RoDTEP Return.
    - **Deadline**: The ARR for the financial year **2023-24** must be filed by **31st March 2025**. Thereafter the Annual RoDTEP Return (ARR) for RoDTEP claims filed in a particular financial year shall be filed on DGFT Portal by 31st March of the next financial year.
    - **Grace Period**: A grace period of **3 months** (until **30th June 2025**) is provided for delayed filings, subject to a **composition fee** of **Rs. 10,000**. After 30th June, the fee increases to **Rs. 20,000.**
3. **Consequences of Non-Compliance**
    - **Denial of Benefits**: Failure to file the ARR will result in the denial of RoDTEP benefits, and no further scroll-out of RoDTEP claims will be permitted at the Customs Port of Export after the grace

period i.e. June 2025
- **Resumption of Scrolls**: After paying the applicable composition fee, RoDTEP scrolls will resume within **45 days**, covering Shipping Bills that were not scrolled out earlier due to non-compliance

4. **Record Keeping and Scrutiny**

- Exporters must maintain **physical/digital records** substantiating their duty remission claims for **5 years**. These records may be required for scrutiny by the concerned authorities.
- Certain ARR filings may be subject to **IT-assisted risk-based scrutiny** to assess the nature of inputs and the actual taxes/duties incurred. Exporters found to have claimed excess benefits will be required to refund or surrender the excess amount.

(B) Complete Guide for Filing RoDTEP Return

1. **Who Needs to File the Annual RoDTEP Return**

- **Threshold of Rs. 1 Crore**: If the total RoDTEP claim for an Importer-Exporter Code (**IEC**) holder exceeds **Rs. 1 crore** in a financial year, filing an ARR is **compulsory**.
- **If No Individual ITC-HS Code Crosses Rs. 50 Lakh** then file the ARR only for the 8 digit HS code with the highest claim.
  - Example:
    - HS1: Rs. 20 lakh
    - HS2: Rs. 30 lakh
    - HS3: Rs. 40 lakh
    - HS4: Rs. 30 lakh
  - **ARR required only for HS3**
- **If Any Individual ITC-HS Code Exceeds Rs. 50 Lakh then seperate ARR must be filed for each such HS codes.**
  - Example:
    - HS1: Rs. 60 lakh
    - HS2: Rs. 51 lakh
    - HS3: Rs. 3 lakh
    - HS4: Rs. 6 lakh
  - **ARR required for HS1 and HS2.**

2. **Seperate filings**

- It is important to note that seperate returns are required for exports under Domestic Tariff Area (DTA) and Special Economic Zones (SEZ)/Export-Oriented Units (EoU)/Advance Authorization (AA).
- Example – if company is exporting 4 different HS codes through both Advance Authorization and without Advance Authorization and company has also claimed RoDTEP exceeding Rs. 50 lacs for each of the 4 HS codes then total 8 ARR (Annual RoDTEP Return) are required to be filed.
- Details of the tax/duties/levies need to be provided in the return on pro-rata basis for export products on which the return is being filed.

3. **Step-by-Step Process to File RoDTEP Return**

- **Basic Details** like Name of Exporter, Type of Unit, PAN/IEC, Complete address and contact details and period of export i.e. Financial year
- **Export Product Details** like 8 digit HS code, Unit Quantity Code (UQC), description of product as per shipping bill, export quantity and FOB Value.
- **Cost Component Details**
  - (i) VAT and Excise duty on Inbound transportation (Road/Rail) of raw materials, suplies or part needed to make your export product.
  - (ii) VAT and Excise duty on Outbound transportation (Road/Rail) of export product from factory to the gateway port.
  - (iii) Electricity duty paid on the electricity consumed during the period.
  - (iv) Stamp duty on export documentation
  - (v) VAT and Excise paid on Fuel cost for captive power generation.
  - (vi) Embedded GST in purchases made from the unregistered dealers.
- **Details fo Incidence of tax** borne by the export product on account of prior stage cumulative taxes on raw materials/inputs consumed in the manufacturing of export product like
  - (i) HS code of Input product
  - (ii) Value of Input used in the manufactur of per unit of Export product
  - (iii) Qty of input used in the manufacture of per unit of Export product
  - (iv) UQC/ Unit of measurement
  - (v) Total taxes/duties/levies paid on raw materials/input consumed
- **Total Tax/duties paid**
  - Total taxes/duties paid on export product (based on above details provided)
  - Applicable RoDTEP rate as per governement policy (As mentioned in Annexure 4R and Annexure 4RE)
  - Final RoDTEP claim for the period.

4. **Common Queries and Clarifications**

- **Q1. Do merchant exporters need to file ARR?**
  - Yes, merchant exporters who have availed RoDTEP benefits exceeding **Rs. 1 crore** in a financial year are required to file the ARR. They must collaborate with the manufacturer to obtain the necessary details.
- **Q2. How to calculate taxes on fuel used for transportation?**
  - If exact fuel consumption details are unavailable, exporters can use an **approximation method** based on a survey with transporters. This approximation should be justified and kept ready for verification

Conclusions

The RoDTEP scheme is a significant step towards making Indian exports more competitive in the global market. By understanding the intricacies of the scheme, especially the ARR filing process, exporters can ensure compliance and maximize their benefits.

For further details, refer to the **RoDTEP User Guide** and the relevant appendices (4R and 4RE). Stay updated with the latest notifications from the Directorate General of Foreign Trade (DGFT) to avoid any last-minute hassles.

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