

Mechanism to validate RoDTEP refunds in works

Govt developing a 'verification mechanism'; to ensure countries don't retaliate against scheme

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The government is developing a 'verification mechanism' to validate the refund claimed by exporters under Remission of Duties and Taxes on Export Products (RoDTEP). This will ensure that countries don't retaliate against the scheme claiming that the reimbursements paid are subsidies.

The scheme came into effect over three years ago to refund the embedded non-creditable central, state and local levies paid on inputs to exporters to boost India's exports.

However, last year, countries, including the United States (US), imposed countervailing or anti-subsidy duty on a few Indian products as retaliation against RoDTEP.

India has been strongly defending the subsidy allegation and has been try-

PUTTING AT EASE

▶ Countries, including the US, had imposed countervailing duty on certain products, in retaliation to India's RoDTEP scheme

▶ India believes that the scheme is WTO compliant

ing to convince the US that the reimbursements claimed under the scheme do not violate the global trade rules as the government only refunds the un-refunded taxes and duties.

It is learnt that the US has now questioned India whether it has an 'official mechanism' to verify the taxes claimed by exporters under RoDTEP.

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▶ RoDTEP kicked-in on January 1, 2021, and refunds embedded non-creditable central, state, and local levies paid on inputs to exporters



ify that the rates which exporters are getting are actually within the level of duty, which they are paying. If an exporter is paying duties and taxes worth ₹100, then the (refund) outgo should be ₹100 or less," a senior government official told *Business Standard*.

The finance ministry's department of revenue as well as the commerce department are in consultation to put in place an institutional mechanism for the verification process.

"The mechanism will have a format and there will be teams at the field level. The commerce department is now seeking the suggestion of the revenue department regarding the composition of the team and the do's and don't list. An institutional mechanism needs to be set up," the official said.

Ajay Srivastava, a former trade official, said regular checks based on actual inputs should be conducted.

ing to put in place a verification mechanism, which can validate the rates.

Till now, the government relied on the former commerce secretary GK Pillai-led committee's report on the RoDTEP reimbursement rates. The US, however, does not recognise the Pillai committee report.

"India needs to have an official verification mechanism to ascertain or ver-