

Remission schemes: Govt mulls longer validity for duty credit scrips

Exporters say linking transferability of scrips to export payment realisation can aid small sector

OUR BUREAU

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The government is evaluating a suggestion from exporters to increase from one to two years the validity of the duty credit scrips issued under two popular input duty remission schemes, and linking the transferability of the scrips to the realisation of export payments to make it more useful for the MSME (micro, small and medium enterprises) sector, according to sources.

The Remission of Duties and Taxes on Export Products (RoDTEP) scheme, extended to a wide range of manufactured products (replacing the Merchandise Export from India Scheme on January 1,

2021), and the Rebate of State and Central Taxes and Levies (RoSCTL) for export of garments and made-ups remit the embedded taxes and input duties not covered by any other scheme through the issue of import duty credit scrips.

Input taxes

Under RoDTEP and RoSCTL, input taxes paid by exporters are largely remitted through the issue of import duty credit scrips, valued at rates fixed by the government.

The exporter can use these to either import goods without paying import duty (up to the value of the scrips) or transfer them to other



users for a price. “Some exporters say its effectiveness would increase if they get more time to utilise the scrips and the transferability is linked to the realisation of export payments, rather than being extended at the time of export, since it shifts the liability of ensuring proper scrip utilisation on the importer,” a source pointed out.

Importers to gain

Importers fear that if there is no realisation, for whatever

reason, and the scrip utilisation is not recovered from exporters, as per RoDTEP notification, then it may be recovered from importers. “While importers don’t have a problem taking on responsibility for large exporters, they are hesitant to do so for smaller exporters. If the government makes it mandatory that scrips can be transferred by exporters only after export payments are realised, importers won’t have to take any risk,” the source explained.

The Commerce Ministry has taken up the matter with the Finance Ministry, the source said.

Export bodies like FIEO have made representations to both ministries on the need for the proposed changes in the scheme.