

## Annual RoDTEP Return for Exporters

The Directorate General of Foreign Trade (DGFT), through a **Public Notice No. 27/2024-25 dated October 23, 2024**, introduced the Annual RoDTEP Return (ARR) for specified exporters availing benefits under the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme. Subsequently, the DGFT issued a **Trade Notice No. 27/2024-25 dated January 29, 2025**, announcing the availability of the online form with FAQs and a User Guide, providing instructions on return filing, eligibility criteria, and the reporting methodology.

The ARR has been introduced to collect data on input usage and actual taxes/ duties incurred in export production, which will aid in reviewing RoDTEP rates for such export products. The procedural and compliance requirements, as outlined in both the trade and public notices, are discussed in the subsequent paragraphs.

### Liability to file ARR

- Exporters, including merchant exporters, claiming RoDTEP benefit of ₹ 1 crore or more in a financial year (FY) are required to file ARR irrespective of the claim amount received (i.e. if the claim amount is ₹ 1.1 crore but the amount received is ₹ 0.9 crore, then the exporter is required to file the ARR; however if both the claim amount and received amount is ₹ 0.9 crore, then such compliance requirement does not arise)

### Timeline to file ARR

- ARR for RoDTEP claims for a particular FY shall be filed by March 31 of the subsequent FY
- ARR can be filed with a composition fee of ₹10,000/- by June 30 of the subsequent FY (as grace period). Post June 30, the composition fee shall be ₹20,000/-

### Consequence of non-filing of ARR

- Non-filing of ARR shall result in non-generation of RoDTEP scrolls after a grace period of 3 months (i.e. June 30 of the subsequent FY)
- Generation of RoDTEP scrolls shall be resumed within 45 days of filing ARR with composition fee

### Record Keeping

- Exporters are required to maintain supporting documents and records used in filing ARR in physical or digital form for a period of 5 years

### Audit of ARR

- Certain ARR cases may undergo scrutiny using IT-assisted risk-based criteria. Purpose of scrutiny would be to assess nature of inputs used in export product and actual duties and taxes incurred
- Also, the objective is to identify the cases where there is an excess claim made and in all such cases, the exporters shall be required to refund / surrender such excess claims amounts



### Data to be submitted in ARR

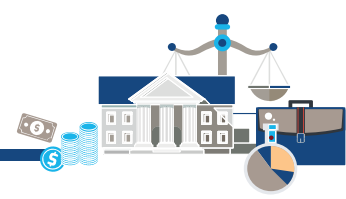
- Appendix 4RR is the form for filing ARR
- ARR is to be filed separately for each HS code (identified at 8-digit level) for the exported products, where the value of claim made for such HS code is ₹50 lakhs or more in the FY
- If no individual HS code meets this threshold of ₹50 lakhs, then a single return needs to be filed for the HS code with the highest RoDTEP accrual during the respective FY
- The key data requirements for filing the ARR are as follows:
  - VAT and Excise Duty incurred on actual transportation cost (both inbound and outbound)
  - Electricity Duty, VAT and Excise Duty incurred on other fuels used to manufacture export products
  - Stamp duty paid for export documentation
  - Embedded GST in purchase from unregistered suppliers
  - Incidence of duties embedded in raw materials used in export products

prepared to substantiate them during scrutiny under the risk management system

- ARR more importantly presents a strategic opportunity for exporters to advocate for higher RoDTEP rates. By meticulously documenting tax incidences that are currently unaccounted for in the existing remission framework, exporters can make a stronger case for rate revisions. This underscores the importance of accurate reporting - not just as a compliance requirement but as a tool for securing better incentives.

### Dhruva Comments:

- The introduction of ARR by the DGFT represents a progressive step towards ensuring transparency and accuracy in RoDTEP rate determination. By mandating data submission on actual input costs and embedded taxes, this initiative aims to refine existing remission structures and ensure fairer benefit allocation
- However, a major challenge for exporters lies in the data collation process, particularly in identifying and quantifying embedded tax costs in raw materials and input goods. Given the diverse nature of supply chains and variations in procurement practices, maintaining precise records may require additional compliance efforts from exporters
- The DGFT, through its recent FAQ, has acknowledged this challenge and provided flexibility by allowing exporters to follow previously accepted methodologies for identifying tax costs. Moreover, it has been emphasized that while approximations may be used, exporters must ensure reasonable justification for any estimated figures and be



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