

Government approves continuation of Rebate of State and Central taxes and Levies (RoSCTL) on Export of Apparel/ Garments and Made-ups

RoSCTL extended till 31st March 2024 at existing rates

Ensures a stable and predictable policy regime

Fillip for exports of globally competitive Indian textiles

Promote exports by start-ups and entrepreneurs

Creation of lakhs of jobs and boost economic growth

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The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi has given its approval for continuation of Rebate of State and Central taxes and Levies (RoSCTL) with the same rates as notified by Ministry of Textiles vide Notification dated 8th march 2019, on exports of Apparel/Garments (Chapters-61 & 62) and Made-ups (Chapter-63) in exclusion from Remission of Duties and Taxes on Exported Products (RoDTEP) scheme for these chapters. The scheme will continue till 31st March 2024.

The other Textiles products (excluding Chapters-61, 62 & 63) which are not covered under the RoSCTL shall be eligible to avail the benefits, under RoDTEP along with other products as finalised by Department of Commerce from the dates which shall be notified in this regard.

Continuation of RoSCTL for Apparel/Garments and Made-ups is expected to make these products globally competitive by rebating all embedded taxes/levies which are currently not being rebated under any other mechanism. It will ensure a stable and predictable policy regime and provide a level playing field to Indian textiles exporters. Further, it will promote startups and entrepreneurs to export and ensure creation of lakhs of jobs.

Tax Refund for Exported Products

It is a globally accepted principle that taxes and duties should not be exported, to enable a level playing field in the international market for the exporters. In addition, to import duties and GST which are generally refunded, there are various other taxes/duties that are levied by Central, State and Local Government which are not refunded to the exporters. These taxes and levies get embedded in the price of the ultimate product being exported. Such embedded taxes and levies increase the price of Indian Apparel and Made-ups and make it difficult for them to compete in the international market.

Some of the cess, duties for which taxes and levies are not refunded and are part of embedded taxes directly and indirectly, are as follows:-

1. Central & state taxes, duties & cesses on fuel used for transportation of goods, generation of power and for the farm sector.
2. Mandi Tax
3. Duty on electricity charges at all levels of the production chain
4. Stamp duty
5. GST paid on input such as pesticides, fertilizers, etc.
6. GST paid on purchases from unregistered dealers, etc.
7. Cess on coal or any other products

Realizing the importance of refund of embedded taxes, cesses and duties, the Ministry of Textiles first launched a scheme by the name of Rebate of State Levies (ROSL) in 2016. In this scheme the exporters of apparel, garment and made-ups were refunded embedded taxes and levies through the budget of the Ministry of Textiles. In 2019, the Ministry of Textiles notified a new scheme by the name Rebate of State and Central Taxes and Levies (RoSCTL). Under this scheme, the exporters are issued a Duty Credit Scrip for the value of embedded taxes and levies contained in the exported product. Exporters can use this scrip to pay basic Customs duty for the import of equipment, machinery or any other input.

Just one year after launch of RoSCTL the pandemic set in and it has been felt that there is a need to provide some stable policy regime for the exporters. In the textiles industry, buyer places long term orders and exporters have to chalk out their activities well in advance, it is important that the policy regime regarding export for these products should be stable. Keeping in view the same, the Ministry of Textiles has decided to continue the scheme of RoSCTL upto 31st March, 2024 independently as a separate scheme.

Continuation of RoSCTL scheme will help generate additional investment and give direct and indirect employment to lakhs especially women.

BY/TFK

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