

**SCHEME FOR REBATE OF STATE AND CENTRAL TAXES AND LEVIES ON  
EXPORT OF GARMENTS AND MADE-UPS (RoSCTL)**

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**INTRODUCTION OF RoSCTL SCHEME:**

Vide Notification No. 14/26/2016-IT(VOL.II) dated 07.03.2019 of the Ministry of Textiles, the Government of India has introduced a new Scheme namely “Scheme for Rebate of State and Central Taxes and Levies [*hereinafter referred to as “RoSCTL”*] on Export of Garments and Made-ups.

- This Scheme has been introduced as a replacement of previous Rebate of State Levies (RoSL) Scheme which provided only rebates of state taxes. Vide aforesaid notification dated 07.03.2019, the RoSCTL Scheme were made effective from the date of Notification i.e. w.e.f. 07.03.2019 with an expiry date of 31.03.2020 which has now been extended up to 31.03.2024.
- Prior to introduction of the RoSCTL scheme, the Apparel and made-ups sectors were supported under the Scheme for Rebate of State Levies (RoSL) for apparel, notified vide notification no. 12020/03/2016-IT dated 12.08.2016 and for made-ups, notified vide notification no. 12015/47/2016-IT dated 03.01.2017. However, certain State as well as Central taxes continued to be present in the cost of exports. Accordingly, in pursuance of the decision of the Government of India to rebate all embedded State and Central Taxes and Levies on garments and made-ups to enhance competitiveness of these sectors, the RoSCTL Scheme was notified by the Ministry of Textiles and the existing RoSL Scheme was discontinued w.e.f. from 07.03.2019.
- Rebate of State Taxes and Levies comprises of VAT on fuel used in transportation, captive power, farm sector, mandi tax, duty of electricity, stamp duty on export documents, embedded SGST paid on inputs such as pesticides, fertilizers etc. used in production of raw cotton, purchases from unregistered dealers, coal used in production of electricity and inputs for transport sector. [*Refer clause 3.5 of [MOT Notification F. No. 12015/11/2020-TTP. Dated 13.08.2021](#)*].
- Rebate of Central Taxes and Levies comprises of central excise duty on fuel used in transportation, embedded CGST paid on inputs such as pesticides, fertilizer etc. used in production of raw cotton, purchases from unregistered dealers, inputs for transport sector and embedded CGST and Compensation Cess on coal used in production of electricity. [*Refer clause 3.6. of [MOT Notification F. No. 12015/11/2020-TTP. Dated 13.08.2021](#)*].

- The sectors covered under this scheme (apparel/garments and made-ups) would not get benefits under the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme. However, textiles products which are not covered under the RoSCTL would be eligible to avail the benefits, if any, under RoDTEP along with other products as finalised by the Department of Commerce.

## **EXTENSION OF RoSCTL SCHEME**

Vide notification No. 14/26/2016-IT (Vol.II) dated 07.03.2019, the Ministry of Textiles notified the RoSCTL Scheme for Rebate of State and Central Taxes and Levies (RoSCTL) which was initially in force up to 31.03.2020.

- However, vide Notification No 12015/11/2020-TTP dated 17.04.2020 of the Ministry of Textiles, the Government of India decided to continue the RoSCTL Scheme w.e.f. 01.04.2020 until such time that the RoSCTL Scheme is merged with Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme without any change in Scheme guidelines and rates, as notified vide Ministry of Textiles' Notification Nos. 14/26/2016-IT (Vol.II) dated 07.03.2019 and 14/26/2016-IT (Vol.II) dated 8.3.2019, respectively.
- Further, the Government, vide MOT Notification No. 12015/11/2020-TTP dated 13.08.2021 decided to continue the RoSCTL Scheme w.e.f. 01st January 2021 till 31st March 2024 for apparel/garments (under Chapter 61 and 62) and Made-ups (under Chapter 63) in exclusion of RoDTEP for these Chapters with the rates, as notified by the Ministry of Textiles vide Notification no.14/26/2016-IT (Vol.II) dated 08th March 2019 subject to review of rates periodically.
- The other textiles products (excluding Chapter 61, 62 and 63) which are not covered under the RoSCTL shall be eligible to avail the benefits, if any, under RoDTEP along with other products, as to be finalised by Department of Commerce. Vide Notification No. 12015/11/2020-TTP dated 13.08.2021 of the Ministry of Textiles also issued a revised Guidelines for Continuation of RoSCTL Scheme.
- The Scheme shall be implemented by Department of Revenue with end-to-end digitization for issuance of transferable Duty Credit Scrip, which will be maintained in an electronic ledger in the Customs automated system.
- Duty Credit Scrip under RoSCTL Scheme shall be issued without insisting on realization of export proceeds. However, the duty credit allowed under the Scheme, shall be subject to realisation of sale proceeds within the period allowed under the

Foreign Exchange Management Act, 1999 (42 of 1999), failing which such duty credit shall be deemed to be ineligible;

## **OBJECTIVE OF THE RoSCTL SCHEME**

The objective of RoSCTL Scheme is to provide for rebate of State and Central Taxes and Levies in addition to the Duty Drawback Scheme, through the Scheme for RoSCTL on export of apparel/ garments (i.e. goods falling under Chapters 61 & 62 of the Schedule of All Industry Rates(AIR) of Drawback) and Made-ups (goods falling under Chapter 63 of the Schedule of All Industry Rates (AIR) of drawback excluding tariff items 6308, 6309, 6310 and goods in tariff items 9404 that are excluded from drawback tariff item 6304), in accordance with the recognized international economic principle of zero rating of export products at the rates notified vide Notification No 14/26/2016-IT (Vol.II) dated 08.03.2019 with value caps. [[Refer MOT Notf. F. No. 12015/11/2020-TTP. Dated 13.08.2021](#)]

The Rebate of State Taxes and Levies shall be understood to comprise VAT on fuel used in transportation, captive power, farm sector, mandi tax, duty of electricity, stamp duty on export documents, embedded SGST paid on inputs such as pesticides, fertilizers etc. used in production of raw cotton, purchases from unregistered dealers, coal used in production of electricity and inputs for transport sector. [[Refer clause 3.5 of MOT Notification F. No. 12015/11/2020-TTP. Dated 13.08.2021](#)]

The Rebate of Central Taxes and Levies shall be understood to comprise central excise duty on fuel used in transportation, embedded CGST paid on inputs such as pesticides, fertilizer etc. used in production of raw cotton, purchases from unregistered dealers, inputs for transport sector and embedded CGST and Compensation Cess on coal used in production of electricity. [[Refer clause 3.6 of MOT Notification F. No. 12015/11/2020-TTP. Dated 13.08.2021](#)]

## **NATURE OF REBATE UNDER RoSCTL SCHEME**

The rebate under the Scheme shall be in the form of duty credit scrips. The scrips shall be issued electronically on Customs system. The duty credit scrips shall be used for payment of Basic Customs Duty on import of goods. These scrips shall be freely transferable. The manner of utilization of scrip for payment of basic customs duty and other modalities, including conditions relating thereto, consistent with the Scheme, has been notified by the Department of Revenue under Notification No. 77/2021-Customs (N.T.) dated 24.09.2021. Detailed ICEGATE Advisory No. 06/2021 dated

01.10.2021 and ICES Advisory No. 23/2021 dated 30.09.2021 have also been issued by the Directorate General of Systems and Data Management, outlining the mechanism of enabling RoSCTL claims in the shipping Bills, Processing of claims, Scroll Generation, creation of an e-scrip account, generation of duty credit scrips, transfer of scrips and utilization of scrips.

*[Refer clause 4.1. of [MOT Notification No. 12015/11/2020-TTP. Dated 13.08.2021](#); [DOR Notification No. 77/2021-Customs \(N.T.\) dated 24.09.2021](#); [ICEGATE Advisory No. 06/2021 dated 01.10.2021](#) and [ICES Advisory No. 23/2021 dated 30.09.2021](#)].*

### **RATES OF REBATE UNDER RoSCTL SCHEME**

On the basis of recommendation by the Drawback Committee, constituted by the Central Government, the Ministry of Textiles, has notified the rates of rebate under RoSCTL Scheme (including applicable value caps) on export of garments/Apparels and made-ups manufactured in India vide Notification No. 14/26/2016- IT (Vol.II) dated 08.03.2019 under Schedule 1, 2, 3 and 4 of the notification.

The Schedule 1 and 2 are the rates of State and Central taxes and levies respectively, for apparel and made-ups. Schedules 3 and 4 are the rates of State and Central taxes and levies respectively, applicable for apparel exports when the fabric (including interlining) only has been imported duty free under Special Advance Authorization Scheme.

The Government of India reserves the right to suitably adjust the rate and caps in the light of change in relevant underlying conditions. Rates under the scheme shall be subject to review as per periodicity to be decided separately by Ministry of Textiles and Ministry of Finance.

*[Refer clause 5.1. of [MOT Notification F. No. 12015/11/2020-TTP. Dated 13.08.2021](#) r/w clause 2 of [MOT Notification No. 14/26/2016- IT \(Vol.II\) dated 08.03.2019](#)]*

### **RESTRICTIONS ON REBATE/INELIGIBLE CATEGORIES UNDER THE RoSCTL SCHEME**

As per Para 4.95 (n) of Handbook of Procedures r/w MOT Notification F. No. 14/26/2016-IT(Vol.II)(Part II) dated 04.06.2019, all exporters are eligible for making a claim under RoSCTL except entities/ IECs under the Denied Entity List of the DGFT. Further, the rates and caps under RoSCTL scheme has been notified by the Ministry of Textiles vide Notification No. 14/26/2016-IT (Vol. II) dated 8.3.2019 as per drawback tariff item classification. Thus, RoSCTL shall be restricted to exports made under claim

for drawback till the time the RoSCTL rates are prescribed by Ministry of Textiles/DGFT in terms of ITC(HS) classification.

Clause 2 (e) of MOT Notification F.No.14/26/2016-IT(Vol.II)(Part II) dated 02.05.2019 r/w sub-clause (3) of Clause 2 of DOR Notification No. 77/2021-Customs (N.T.) dated 24.09.2021 specifies the export categories or sectors which are not eligible for duty credit under the RoSCTL Scheme which are as detailed below:

- (i) Goods which are restricted or prohibited for export under Schedule-2 of Export Policy in ITC-HS;
- (ii) Export of imported goods covered under paragraph 2.46 of Foreign Trade Policy
- (iii) Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India
- (iv) Goods subject to minimum export price or export duty
- (v) Deemed exports under Foreign Trade Policy
- (vi) Goods manufactured or exported by any of the units situated in Special Economic Zone/ Free Trade Warehousing Zone/ Export Processing Zone
- (vii) Goods Manufactured or exported by a unit licensed as hundred per cent Export Oriented Unit in terms of the provisions of the Foreign Trade Policy;
- (viii) Goods Manufactured or exported in discharge of export obligation against an Advance Authorisation or Duty Free Import Authorisation issued under the Duty Exemption Scheme of the relevant Foreign Trade Policy:

Provided that where exports are made against Special Advance Authorisation issued under Paragraph 4.04A of the Foreign Trade Policy 2015-20 in discharge of export obligations in terms of Notification No. 45/2016-Customs, dated 13th August, 2016, the rates of RoSCTL Scheme specified in Schedules 3 and 4 to the Ministry of Textiles' notification No. 14/26/2016-IT, dated the 8th March, 2019 shall apply.

- (ix) Goods manufactured and supplied by units in Domestic Tariff Area to units in Special Economic Zone/Free Trade Warehousing Zone
- (x) Goods manufactured in Special Economic Zone/ Free Trade Warehousing Zone/ Export Oriented Unit/ Export Processing Zone and exported through DTA unit
- (xi) Goods manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962)

- (xii) Goods availing the benefit of the notification No. 32/1997-Customs, dated the 1st April, 1997
- (xiii) Goods for which claim of any duty credit is not filed in a shipping bill or bill of export in the customs automated system
- (xiv) Goods that have been taken into use after manufacture or reconditioned/ upgraded/ worn/ used clothes.

Compliance and adherence to these restrictions shall be ensured by exporters claiming RoSCTL, and they shall make declaration in this regard, while making RoSCTL claim, in the manner as prescribed, by the Department of revenue vide Notification No. 77/2021-Customs (N.T.) dated 24.09.2021 r/w Electronic Duty Credit Ledger Regulations, 2021 (EDCL Regulations, 2021) issued by the Department of revenue under notification No. 75/2021-Customs (N.T.) dated 23.09.2021.

[Refer clause 5.3. of [MOT Notf. F. No. 12015/11/2020-TTP. Dated 13.08.2021](#) r/w Para 4.95 (n) of Handbook of Procedures r/w clause 2(e) of [MOT Notification No. 14/26/2016-IT\(Vol.II\)\(Part II\) dated 02.05.2019](#) r/w [MOT Notification No. 14/26/2016-IT\(Vol.II\)\(Part II\) dated 04.06.2019](#) r/w [DOR Notification No. 77/2021-Customs \(N.T.\) dated 24.09.2021](#) r/w [DOR Notification No. 75/2021-Customs \(N.T.\) dated 23.09.2021](#)]

#### **HOW TO CLAIM FOR REBATE UNDER RoSCTL SCHEME**

- An exporter opting for this scheme shall make claim for rebate on exports at item-level, in accordance with the guidelines as issued by the Department of Revenue vide Notification No. 75/2021-Customs (N.T.) dated 23.09.2021 and No. 77/2021-Customs (N.T.) dated 24.09.2021, for operationalising the scheme on Customs system.
- Electronic duty credit ledger will be created by the Customs Authority and the exporter may generate electronic Duty Credit Scrip for value, lying in his/her ledger.

[Refer clause 6 of [MOT Notification No. 12015/11/2020-TTP dated 13.08.2021](#)]

#### **MECHANISM OF REBATE UNDER RoSCTL SCHEME**

As per clause 7 of MOT Notification F. No. 12015/11/2020-TTP dated 13.08.2021-

- The Scheme shall be implemented by the Department of Revenue (DoR) with end-to-end digitization for issuance of transferable Duty Credit Scrip, which will be maintained in an electronic duty credit ledger in the Customs system.

- Duty Credit Scrip under RoSCTL Scheme shall be issued without insisting on realization of export proceeds. However, adequate safeguard mechanism shall be put in place for effective monitoring of realization of export proceeds.
- While the proposed Scheme will be implemented on a revenue foregone basis, a budgetary control would be exercised through appropriate entries in the annual financial statement. To ensure that expenditure under the Scheme does not exceed the allocation amount in a particular financial year, the expenditure and liability under the Scheme shall be reviewed on a quarterly basis and measures, as necessary, shall be taken to keep the expenditure within the prescribed allocation.
- For the purpose of audit and verification, the exporter would be required to keep records to substantiate their claims made under the Scheme. Central Board of Indirect Taxes and Customs (CBIC) would put a monitoring and audit mechanism, with an Information Technology based Risk Management System (RMS), in place.
- Ministry of Textiles will conduct annual impact analysis of the scheme. For a broad level monitoring, an output outcome framework shall be notified separately.

*[Refer clause 7 of [MOT Notification F. No. 12015/11/2020-TTP dated 13.08.2021](#)]*

#### **MANNER TO ISSUE DUTY CREDIT FOR GOODS EXPORTED UNDER THE SCHEME FOR REBATE OF STATE AND CENTRAL TAXES AND LEVIES (RoSCTL)/CONDITIONS TO ISSUE DUTY CREDIT UNDER RoSCTL SCHEME**

The Department of Revenue, vide notification no. 77/2021-Customs (N.T.) dated 24.09.2021 has notified the manner of issuing duty credit for goods exported under the Scheme for Rebate of State and Central Taxes and Levies (RoSCTL), subject to such conditions and restrictions as specified in the said notification, in accordance with Government of India, Ministry of Textiles' notification No. 12015/11/2020-TTP dated the 13th August, 2021. Clause 2 of the DOR notification dated 24.09.2021 specifies the conditions for issuance of duty credit under the RoSCTL Scheme which are as follows:

- i.** The duty credit under the scheme shall be issued against exports of garments and made-ups at their respective rate and cap as listed in Schedules 1, 2, 3 and 4 to the notification of Government of India, Ministry of Textiles' notification No. 14/26/2016-IT (Vol.II), dated the 8th March, 2019 for the scheme.

**Provided** that the value of the goods for calculation of duty credit to be allowed under the Scheme shall be the declared export Free on Board (FOB) value of the said goods or up to 1.5 times the market price of the said goods, whichever is less;

**ii.** The duty credit shall be issued against claim of duty credit under the Scheme made by an exporter by providing the appropriate declaration at the item level in the shipping bill or bill of export in the customs automated system;

**iii.** The duty credit shall be issued against the shipping bill or bill of export, presented under section 50 of the Customs Act,1962 on or after the 1st day of January, 2021, and where the order permitting clearance and loading of goods for exportation under section 51 of the said Act has been made;

**iv.** The duty credit shall be issued after the claim is allowed by Customs upon necessary checks, including on the basis of risk evaluation through appropriate selection criteria, and after filing of export manifest or export report;

**v.** The duty credit shall be issued in accordance with any rules or regulations issued in relation to duty credit, e-scrip or electronic duty credit ledger;

**vi.** The export categories or sectors listed in Table below shall not be eligible for duty credit under the Scheme:

Sl. No.	Export categories or sectors ineligible for duty credit
1.	Goods which are restricted or prohibited for export under Schedule-2 of Export Policy in ITC-HS
2.	Export of imported goods covered under paragraph 2.46 of Foreign Trade Policy
3.	Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India
4.	Goods subject to minimum export price or export duty
5.	Deemed exports under Foreign Trade Policy
6.	Goods manufactured or exported by any of the units situated in Special Economic Zone/ Free Trade Warehousing Zone/ Export Processing Zone
7.	Goods manufactured or exported by a unit licensed as hundred per cent Export Oriented Unit
8.	Goods exported under Advance Authorisation or Duty Free Import Authorisation issued under the relevant Foreign Trade Policy: Provided that where exports are made against Special Advance Authorisation issued under paragraph 4.04A of the Foreign Trade Policy 2015-20 in discharge of export obligations in terms of notification No. 45/2016-Customs, dated the 13th August, 2016, the rates of the RoSCTL Scheme specified in Schedules 3 and 4 to the Ministry of Textiles' notification No. 14/26/2016-IT, dated the 8th March, 2019 shall apply.
9.	Goods manufactured and supplied by units in Domestic Tariff Area to units in Special Economic Zone/Free Trade Warehousing Zone



10.	Goods manufactured in Special Economic Zone/ Free Trade Warehousing Zone/ Export Oriented Unit/ Export Processing Zone and exported through DTA unit
11.	Goods manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962)
12.	Goods availing the benefit of the notification No. 32/1997-Customs, dated the 1st April, 1997
13.	Goods for which claim of any duty credit is not filed in a shipping bill or bill of export in the customs automated system
14.	Goods that have been taken into use after manufacture or reconditioned/ upgraded/ worn/ used clothes.

**vii.** The duty credit under the Scheme shall be allowed subject to realisation of sale proceeds in respect of such goods in India within the period allowed under the Foreign Exchange Management Act, 1999 (42 of 1999), failing which such duty credit shall be deemed to be ineligible;

**viii.** The duty credit under the scheme shall be allowed subject to the condition that the imports and exports are undertaken through the seaports, airports or through the inland container depots or through the land customs stations which allow the bill of entry and shipping bill or bill of export to be presented and processed electronically on the customs automated system;

**ix.** The duty credit shall be allowed subject to the condition that the exporter has realised the sale proceeds against export of goods made earlier by the said exporter where the period allowed for realisation, including any extension of the said period by the Reserve Bank of India, has expired:

**Provided** that duty credit shall be issued by Customs in excess of the ineligible amount of duty credit pertaining to the unrealised portion of sale proceeds against export of goods made earlier:

**Provided** further that if the Principal Commissioner of Customs or Commissioner of Customs has reason to believe, on the basis of risk evaluation or on the basis of enquiry, that the claim of duty credit made by an exporter on export goods may not be bona fide, he may direct, for reasons to be recorded in writing, to allow duty credit after realisation of sale proceeds of such exports;

**x.** The duty credit under the Scheme for exports made to Nepal, Bhutan and Myanmar shall be allowed only upon realisation of sale proceeds against irrevocable letters of credit in freely convertible currency established by importers in Nepal, Bhutan and Myanmar in favour of Indian exporters for the value of such goods.

[Refer clause 2 of [DOR Notification No. 77/2021-Customs \(N.T.\) dated 24.09.2021](#)]

### **ISSUANCE OF DUTY CREDIT IN THE SCROLL**

Regulation 3 of the Electronic Duty Credit Ledger regulations, 2021, notified vide DOR Notification No. 75/2021-Customs (N.T.) dated 23.09.2021 makes provision regarding issuance of duty credit in the scroll. As per regulation 3-

- (1) a shipping bill or a bill of export, presented under section 50 of the Customs Act, 1962 on or after the 01st day of January, 2021 and having a claim of duty credit under the Scheme, shall be processed in the customs automated system, including on the basis of risk evaluation through appropriate selection criteria.
- (2) The claim shall be allowed by Customs as per the conditions and restrictions notified for the Scheme, after the filing of export manifest or export report.
- (3) Once the claim is allowed, a scroll for duty credit will be generated by the proper officer in the customs automated system. Separate scrolls will be generated for each Scheme.
- (4) The scroll details, including the details of shipping bill or bill of export, duty credit allowed and date of generation of scroll, shall be visible in the customs automated system to the exporter who is the recipient of such duty credit.

### **CREATION OF e-SCRIP IN THE ELECTRONIC DUTY CREDIT LEDGER**

Regulation 4 of the Electronic Duty Credit Ledger regulations, 2021, notified vide DOR Notification No. 75/2021-Customs (N.T.) dated 23.09.2021 makes provision regarding creation of e-scrip in the electronic duty credit ledger. As per regulation 5 of the EDCL, 2021,

- (1) The exporter shall have the option to combine the duty credits under a particular Scheme, allowed to him in one or more shipping bills or bills of export, and to carry forward the said duty credits to create an e-scrip for that Scheme in the ledger, customs station-wise according to the customs station of export, within a period of one year from the date of generation of the scroll in the customs automated system:

Provided that if the exporter does not exercise the said option of creating the e-scrip within the said period of one year, duty credit in each scroll will be combined customs station-wise for each Scheme and will be automatically created by the customs

automated system as a single e-scrip for duty credit for that Scheme, for each customs station, in the ledger of the said exporter.

(2) Each e-scrip shall have a unique identification number and date of its creation and all transactions in the ledger shall be carried out using the said number and date.

### **REGISTRATION OF e-SCRIP**

Regulation 5 of the Electronic Duty Credit ledger regulations, 2021 (EDCL) notified vide DOR notification No. 75/2021-Customs (N.T.) dated 23.09.2021 specifies the provisions for registration of the e-scrip according to which-

(1) The customs station of export shall be the customs station of registration for an e-scrip.

(2) The registration of e-scrip shall be automatic and separate application for the same shall not be required to be filed.

### **USE AND VALIDITY OF e-SCRIP**

Regulation 6 of the Electronic Duty Credit ledger regulations, 2021 (EDCL) notified vide DOR notification No. 75/2021-Customs (N.T.) dated 23.09.2021 r/w Sub-clause (2) of Clause 2 of the DOR Notification No. 77/2021-Customs (N.T.) dated 24.09.2021 specifies that the duty credit issued under the RoSCTL scheme and available in the Electronic duty credit ledger shall be used for payment of duties of customs leviable under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) on goods when imported into India.

Further, the validity of e-scrip is regulated by regulation 6 of the EDCL, 2021 according to which-

- the e-scrip shall be valid for a period of one year from the date of its creation in the ledger and any duty credit in the said e-scrip remaining unutilized at the end of this period shall lapse.
- such duty credit in the e-scrip that has lapsed shall not be re-generated.
- the ledger, including e-scrip and the transactions made therein, shall be visible in the customs automated system to the recipient of such duty credit and the Customs.

## **TRANSFER OF DUTY CREDIT IN e-SCRIP**

Regulation 7 of the Electronic Duty Credit ledger regulations, 2021 (EDCL) notified vide DOR notification No. 75/2021-Customs (N.T.) dated 23.09.2021 specifies the provisions for transfer of duty credit in e-scrip. As per regulation 7 of the EDCL Regulations, 2021-

- (1) Transfer of duty credit in e-scrip shall be allowed within the customs automated system from the ledger of a person to the ledger of another person who is a holder of an Importer-exporter Code Number issued in terms of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992).
- (2) The duty credit available in an e-scrip shall be transferred at a time for the entire amount in the said e-scrip to another person and transfer of the duty credit in part shall not be permitted.
- (3) The period of validity of the e-scrip, of one year from its creation, shall not change on account of transfer of the e-scrip.
- (4) The ledger of the transferee, including e-scrip and the transactions made therein, shall be visible in the customs automated system to the transferee and the Customs.

## **SUSPENSION/CANCELLATION OF DUTY CREDIT ISSUED UNDER RoSCTL SCHEME**

Regulation 8 of Electronic Duty Credit Ledger Regulations, 2021 issued by the Department of Revenue vide Notification No. 75/2021-Customs (N.T.) dated 23.09.2021 envisages that in case where a person contravenes any of the provisions of the Customs Act, 1962 or any other law for the time being in force or the rules or regulations made thereunder in relation to the exports to which the duty credit relates, or in relation to the e-scrip, the said duty credit or e-scrip may be suspended or cancelled in the ledger in the manner as notified by the Central Government under section 51B of the Act.

Further, Clause 3 of the DOR notification No. 77/2021-Customs (N.T.) dated 24.09.2021 deals with the manner of suspension or cancellation of the duty credit issued under the RoSCTL Scheme. The relevant provisions of clause 3 of the notification No. 77/2021-Customs (N.T.) dated 24.09.2021 is as under:

**“Clause 3. Cancellation of duty credit.-**

1. Where a person contravenes any of the provisions of the Customs Act, 1962 or any other law for the time being in force or the rules or regulations made thereunder in relation to exports to which the duty credit relates, or in relation to the e-scrip, the Principal Commissioner of Customs or Commissioner of Customs having jurisdiction over the customs station of registration of the e-scrip may, after enquiry, pass an order to cancel the said duty credit or e-scrip.

2. Where the e-scrip is so cancelled, the duty credit amount in the said e-scrip shall be deemed never to have been allowed and the proper officer of Customs shall proceed to recover the duty credit amount used in such e-scrip or transferred from such e-scrip.

3. The proper officer of Customs may, without prejudice to any other action that may be taken under the said Act or any other law for the time being in force, suspend the operation of the said e-scrip or the electronic duty credit ledger of such exporter or any duty credit transferred from such e-scrip, during pendency of the enquiry under sub-clause (1).

[Refer clause 3 of [DOR notification No. 77/2021-Customs \(N.T.\) dated 24.09.2021](#)]

## **RECOVERY OF THE AMOUNT OF DUTY CREDIT ISSUED UNDER RoSCTL SCHEME**

**A. Recovery of the amount of duty credit, allowed in excess of what the exporter is entitled to.-** Clause 4 of the DOR notification No. 77/2021-Customs (N.T.) dated 24.09.2021 deals with the recovery of the amount of duty credit allowed in excess of what the exporter is entitled to. The relevant provision of clause 4 of the notification is as under:

### ***“Clause 4. Recovery of amount of duty credit.-***

*(1) Where an amount of duty credit has, for any reason, been allowed in excess of what the exporter is entitled to, the exporter shall repay the amount so allowed in excess, himself or on demand by the proper officer, along with interest, at the rate as fixed under section 28AA of the Customs Act, 1962 for the purposes of that section, on that portion of duty credit allowed in excess, which has been used or transferred, and where the exporter fails to repay the amount along with interest, as applicable, it shall be recovered in the manner provided in section 142 of the Customs Act, 1962.*

*(2) The duty credit amount that an exporter is so required to repay under sub-clause (1) shall be deemed never to have been allowed, and if the exporter fails to repay the said amount within a period of fifteen days along with interest so demanded, then the proper officer of Customs*

*may, without prejudice to any action against the exporter, proceed for recovery of the said duty credit amount from the transferee in the manner as provided in section 142 of the said Act.”*

**B. Recovery of the amount of duty credit where export proceeds are not realised.**- Clause 5 of the DOR notification No. 77/2021-Customs (N.T.) dated 24.09.2021 deals with the recovery of the amount of duty credit allowed to the exporter against export where the sale proceeds in respect of such exports have not been realised within the period allowed under the Foreign Exchange Management Act, 1999. The relevant provision of clause 5 of the notification is as under

**“Clause 5: Recovery of amount of duty credit where export proceeds are not realised-**

*(1) Where an amount of duty credit has been allowed to an exporter but the sale proceeds in respect of such export goods have not been realised by the exporter in India within the period allowed under the Foreign Exchange Management Act, 1999 (42 of 1999), the exporter shall, himself or on demand by the proper officer, repay the amount of duty credit, along with interest, at the rate as fixed under section 28AA of the Customs Act, 1962 for the purposes of that section, within fifteen days of expiry of the said period.*

*(2) In case any extension of the said period for realisation of sale proceeds has been given by the Reserve Bank of India and the exporter produces evidence of such extension to the proper officer, and if the said sale proceeds are not realised in such extended period, the exporter shall repay the said amount of duty credit along with the said interest, within fifteen days of expiry of the said period.*

*(3) If a part of the sale proceeds has been realised, the amount of duty credit to be recovered shall be the amount equal to that portion of the amount of duty credit allowed which bears the same proportion as the portion of the sale proceeds not realised bears to the total amount of sale proceeds.*

*(4) Where the exporter fails to repay the duty credit amount within the said period of fifteen days, the said duty credit shall be deemed never to have been allowed and it shall be recovered, along with the said interest, in the manner as provided in section 142 of the Customs Act, 1962.*

*(5) The proper officer of Customs may, without prejudice to any action against the exporter, proceed for recovery of said duty credit amount from the transferee in the manner as provided in section 142 of the Customs Act, 1962”.*

**Note.:** During the pendency of any recovery, as provided in clauses 4 and 5 of the DOR Notification No. 77/2021-Customs (N.T.) dated 24.09.2021, no further duty credit,

on any subsequent exports, shall be allowed to such exporter till the time such recovery is made and any unutilised duty credit with the exporter or the transferee shall be suspended pending such recovery. (Refer clause 6 of [DOR Notification No. 77/2021-Customs \(N.T.\) dated 24.09.2021](#)).

#### **PROCEDURE FOR RECOVERY OF OVER-CLAIM/ CLAIM BASED ON MIS-DECLARATION UNDER RoSCTL SCHEME**

- The rebate allowed is subject to the receipt of sale proceeds within time allowed under the Foreign Exchange Management Act, 1999 failing which such rebate shall be deemed to have never been allowed. Action under the Customs Act may be taken by the Customs Authorities for recovery of erroneous or excess paid RoSCTL. Further, the exporter is required to return any over-payment of rebate issued through the scrips arising from miscalculation. Where there is repayment, recovery or return, interest shall also be paid by the exporter at the rate of fifteen per cent (15%) per annum calculated from the date of debit of the scrip till the date of repayment, recovery or return along with penalty, if imposed under an Adjudication order. Exporter may have option to surrender unutilized scrip obtained under RoSCTL without payment of interest, however, a penalty may be imposed in case such Duty Credit Scrip is obtained by misdeclaration and fraudulent practice, under the provisions of Customs Act.
- In case a recovery is due, Officer of Custom shall issue a letter to the exporter and request the exporter to deposit the full sum (principal plus interest) within 30 days in the relevant account head of Customs "Major Head 0037-Customs and minor head 001-Import Duties". In case of non-compliance, action under the Custom Act would be initiated and a penalty may be imposed along with suitable action to recover duty plus interest.

[Refer clause 8 of [MOT Notification No. 12015/11/2020-TTP dated 13.08.2021](#)]

#### **PERIODIC ASSESSMENT:**

The liabilities under RoSCTL will be managed within the financial ceiling communicated by the Ministry of Finance. Any change in the inter se financial allocation for the financial year shall be done in consultation with Ministry of Finance (MoF). Further, to ensure that the expenditure under these Schemes do not exceed the allocation amount, the expenditure and liability under these Schemes shall be reviewed on quarterly basis by a Committee headed by Department of Expenditure

and consisting of Department of Revenue, Department of Commerce and Ministry of Textiles (for RoSCTL) to keep the expenditure within the prescribed allocation. Customs shall ensure on their system that expenditure under these Schemes does not exceed the allocated fund.

[Refer clause 10 of [MOT Notification No. 12015/11/2020-TTP dated 13.08.2021](#)]

## **HOW TO AVAIL THE BENEFITS UNDER RoSCTL SCHEME/ DIFFERENT STEPS TO CLAIM AND AVAIL THE BENEFITS OF RoSCTL SCHEME IN CUSTOMS AUTOMATED SYSTEM**

Detailed ICEGATE Advisory No. 06/2021 dated 01.10.2021 and ICES Advisory No. 23/2021 dated 30.09.2021 have been issued by the Directorate General of Systems and Data Management, outlining the manner of enabling RoSCTL claims in the shipping Bills, Processing of claims, Scroll Generation, creation of an e-scrip account, generation of duty credit scrips, transfer of scrips and utilization of scrips in imports.

The mandatory steps to avail the benefits under RoSCTL Scheme are as follows:

### **A. Declaration in the Shipping Bill:**

To avail the scheme, it is mandatory for the exporter to make a claim for RoSCTL in the shipping bill. the claim has to be made by the exporter in the EDI shipping bill by using specific scheme codes for drawback exports, at the item level. The options for RoSCTL scheme are being provided with separate scheme-code as listed below:

Scheme Code	Scheme Description
60	Drawback and RoSCTL
61	EPCG, Drawback and RoSCTL
64	Drawback, Special Advance Authorization (Chapter 4.04A of FTP) and RoSCTL
65	EPCG, Drawback, Special Advance Authorization (Chapter 4.04A of FTP) and RoSCTL

There is no need for separate application or supporting documents except for making a specific choice of scheme codes, as mentioned above, in the shipping bill along with a declaration. In the absence of proper scheme codes, the RoSCTL benefit would not be available.

- The RoSCTL rate directory, as notified by the Ministry of Textiles' Notification No. 14/26/2016-IT dated 08.03.2019, consists of four (04) Schedules. For declaration at item level, suffixing B with drawback serial number would mean normal RoSCTL



rates as per Schedule 1 and 2 would be applicable, and suffixing D with drawback serial number would mean lower RoSCTL rates under special authorization as per Schedule 3 and 4 would be applicable. The RoSCTL amount will be calculated as individual sum of rebate of State component (Sch. 1 rate or Sch. 3 rate, as applicable) as per ad valorem rate or value cap, if any and rebate of Centre component (Sch 2 or Sch 4, as applicable) as per ad valorem rate or value cap, if any.

- Additionally, at item level, a mandatory declaration has to be submitted in the Statement Table of the Shipping Bill as below.

**STATEMENT TYPE = DEC**

**STATEMENT CODE = RS001**

Submission of the above statement code for RoSCTL availed items would indicate that the exporter has made the necessary declaration, as detailed below, while claiming RoSCTL benefit:

*[DECLARATION TO BE FILED AS PART OF SHIPPING BILL OR BILL OF EXPORT FOR EXPORT OF GOODS UNDER RoSCTL SCHEME*

*"I/We ..... (name of the exporter), holder of IEC no. ...., in regard to my claim under RoSCTL scheme made in this Shipping Bill or Bill of Export, hereby declare that:*

- 1. I/ We undertake to abide by the provisions, including conditions, restrictions, exclusions and time-limits as provided under RoSCTL scheme, and relevant notifications, regulations, etc., as amended from time to time.*
- 2. Any claim made in this shipping bill or bill of export is not with respect to any duties or taxes or levies which are exempted or remitted or credited under any other mechanism outside RoSCTL.*
- 3. I/ We undertake to preserve and make available relevant documents relating to the exported goods for the purposes of audit in the manner and for the time period prescribed in the Customs Audit Regulations,]*

**B.** The RoSCTL benefit would be calculated in System as per the calculation logic as notified in the DOR Notification No. 77/2021-Customs (N.T.) dated 24.09.2021 i.e. on value equal to declared export FOB value of the said goods or up to 1.5 times the market price of the said goods, whichever is less.

**C. RoSCTL claim, benefit calculation and processing for retrospective cases:**

- Since the RoSCTL scheme was no more applicable w.e.f. 01.01.2021 and instead RoDTEP claims were captured at the item level, and hence there was no provision in System to avail RoSCTL. Further, the RoDTEP claim was enabled in shipping bill

with notional rates. Therefore, now for retrospective cases, the RoSCTL amount would be calculated by system for the relevant tariff items (as per RoSCTL schedules) under Chapters 61, 62 and 63 for cases only where both RoDTEP and Drawback were claimed at item level. And the RoSCTL benefit would be calculated on value equal to declared export FOB value of the said goods or up to 1.5 times the market price of the said goods, whichever is less. For instance, for the shipping bills where RoDTEP was not claimed and only drawback was claimed (i.e., scheme code 19) for tariff items under chapter 61,62 and 63, the RoSCTL benefit will not be given as the exporter had filed claim for drawback only. Similarly, where RoDTEP was claimed but drawback was not claimed, no RoSCTL benefit would be given.

- The processing of past cases for which Drawback have already been processed by the Customs officer or as per RMS facilitation for grant of drawback, such cases will not be sent to officer for processing of RoSCTL again
- Further, RoSCTL claims as per above notified scheme would be applicable to shipping bills filed on or after 01.01.2021. If a shipping bill has been filed prior to 01.01.2021 but processed after 01.01.2021, it will not be eligible for RoSCTL benefit (as per the aforesaid new scheme). Hence, date of filing of Shipping Bill and not date of LEO is relevant. For the residual RoSCTL/RoSL claims of the period prior to 01.01.2021, these would continue be transmitted to DGFT by Customs System for issuance of scrips, as was being done till now, since the same would not eligible for aforesaid notified RoSCTL scheme.

#### **D. Scroll Generation:**

Post filing of Gateway EGM in respect of the processed shipping bills, the RoSCTL Scrolls can be generated by the customs location in ICES in similar manner as is being done for drawback/IGST scroll. The scroll could be generated for shipping bills on FIFO basis w.e.f. 01.01.2021. Customs Officer will verify the correctness of the scroll amounts indicated in the temporary scroll before the final scroll is generated, as it is being done for DBK and IGST scrolls. The scrolls can be generated for different dates (i.e., for each calendar date as per the shipping bills ready for scroll up to that particular date.)

#### **E. Claiming of Duty Credits, Generation of Credit Scrips and transfer of Scrips:**

Once the RoSCTL scroll is generated, the duty credit amount will be available within the ledger created for the IEC holder (or exporter) in their ICEGATE login to claim and convert it into duty credit scrip. A detailed Advisory No. 06/2021 dated 01.10.2021 has been published on the ICEGATE website outlining the process of claiming the duty credit scrips in ledger, transfer thereof to other IEC holder and utilization for the purpose of duty payment which is as under:

**a. e-scrip account creation:**

Escrip account can be used by the Importer/Exporter/CHA only after creating it at ICEGATE. The user has to be a valid IEC Holder registered on ICEGATE with a DSC. Below are the steps to create an Escrip Account with ICEGATE.

**Step 1:** User can select the option of Escrip account creation by clicking on the “Escrip” tab under the “Our Services” section of <https://www.icegate.gov.in/>.

**Step 2:** User will be directed to the login page. After log in using valid credentials, user will be able to see the Escrip option under the Financial Services on the left panel. If user is not registered, they can get themselves registered as per advisory through this link: <https://icegate.gov.in/Download/JavaSetupForDSC.pdf>.

**Step 3:** Since the user has not created an Escrip account initially, a page will be displayed where the user can select the scheme name from the drop-down as RoSCTL or RoDTEP and click on Create Escrip Account button.

**Step 4:** After Escrip account creation is done by the user, a grid view with the following details will be displayed to the user. User can perform various operations mentioned as follows from this Home Page:

- SB Details
- Scrip Details
- Transaction Details
- Scrip Transfer
- Approve Scrip Transfer
- Add Scheme

**b. Generation of e-scrip:**

**Step 1:** From the Escrip Home Page, the user can select SB Details Tab for scrip generation.

**Step 2:** User is provided with the feature of selecting Shipping bills/scrolls for which the scrips are to be generated. User can select RoSCTL or RoDTEP under scheme name and location.

**Step 3:** An error message will be displayed if the scheme is not selected since it is a mandatory field.

**Step 4:** User can view and select the shipping bills and can click on “Generate Scrip” button to generate scrip. User can select all the shipping bills at once by checking box in first row.

**Step 5:** Scrip will be generated for the selected shipping bill/ scroll. After successful Scrip Creation a message will be displayed confirming successful generation of Scrip with Scrip Number generated.

**c. Viewing Scrip details:**

**Step 1:** In the Escrip home page, user can select on the “Scrip Details” Tab to view the scrip details which has been generated.

**Step 2:** A unique Scrip Number will be generated and tagged to every user. A credit entry will be made in the Ledger for that user. User can view scrip details after selecting from the following options in the scrip status drop down:

1. Active- Scrip which is still in active state
2. Utilize- Scrip which is utilized by the user
3. Transferred- Scrip for which the transfer request is approved by the transferee to whom the user has initiated transfer
4. Transfer Pending- Scrip which is transferred by the user to another IEC holder, but the latter has not approved the transfer request.
5. Expired- Scrip which is expired
6. Transfer Rejected- Scrip which is rejected by the transferor (who has initiated the scrip transfer request) or the transferee (to whom scrip transfer request is sent)
7. All- All scrips generated

**Step 3:** Once the mandatory fields are selected, the data can be viewed in grid. User should be able to view the last 10 entries by default from the credit ledger. The user can click on next or previous link in case of more than 10 entries. The description of the data is given below:

1. Scroll Number: Unique scroll number
2. Scrip Number: Unique scrip number
3. Scrip Issue Date: Date on which scrip is generated
4. Scrip Expiry Date: Date on which the scrip will expire

5. Scrip Issued Amount: Amount for which the scrip is issued.
6. Scrip Balance Amount: Total balance after the scrip has been utilized.
7. Scrip Transfer Date: Date on which the transfer has been approved by the IEC to whom the scrip is transferred. This will be blank if transfer is not initiated.
8. Scrip Status: based on what scrip status user has previously selected as explained in the previous step (step 2)

**d. How to view Transaction Details:**

**Step 1:** In the credit Ledger Home Page, User can view the Transaction Details by clicking the “transaction details” tab.

**Step 2:** User should be able to view the transactions basis multiple search criteria like start date, end date and transaction type. The Transaction Type field has a drop down with the following options to select. User can select the appropriate field:

- i. Issued: To view the scrips been generated. The transaction status will be Complete for this transaction type
- ii. Utilized: To view the scrips which are utilized. The transaction status will be Complete for this transaction type.
- iii. Transferred: To view the scrips which are transferred to another IEC holder. The transaction status will be Complete for this transaction type.
- iv. Transfer Pending: To view the scrips for which the approval for transfer is pending. The transaction status will be Pending for this transaction type.
- v. All: To view all types of scrips.

**Step 3:** After selecting the appropriate fields, data will be displayed in a grid format.

**e. How to transfer the Scrip:**

Any user who has created an Escrip account can transfer a scrip to another user. The user to which the scrip is to be transferred also needs to have a valid Escrip account. Below are the steps for scrip transfer:

**Step 1:** From the Escrip Home page, user can select the “Scrip Transfer” tab to transfer a particular scrip to any other user.

**Step 2:** It is mandatory to select a scheme, RoDTEP or RoSCTL in order to select the scrips to be transferred.

After that, the user can select the appropriate scrip to be transferred from the generated scrips. The list of the generated scrips is available in the drop-down menu along the “Scrip Available” Option.

**Step 3:** After appropriate scrip selection, user can view scrip amount and enter IEC of the user to which the scrip is to be transferred. These details, of the IEC holder to whom the user wants to make transfer, can be entered in the textbox alongside “Transfer To” option.

**Step 4:** OTP is generated and sent to the user who has initiated the transfer on the registered mobile number and email ID. It has to be entered by that user to transfer the scrip successfully. This OTP is valid for a window of 15 minutes only. An error message will be displayed to the user if wrong OTP is entered.

**Step 5:** After successfully transferring the request, Scrip will be viewed in a grid on the same page. User who has initiated the transfer scrip request can cancel the request at this stage using the cancel button.

#### **f. How to approve Scrip Transfer Request**

**Step 1:** An approval request is sent to the IEC for whom transfer request has been initiated by the user. This IEC holder who has to approve the request needs to login, select Escrip tab under Financial Services. He will have to create an Escrip account, if not already created as mentioned above in the 3 step process of Escrip Account Creation.

**Step 2:** From the Escrip Home page, the user to whom a scrip is transferred can approve/cancel the transfer scrip request by clicking on the “Approve Scrip Transfer” tab.

**Step 3:** User can view all scrips, which are requested to be transferred to him. User can cancel the request as well by clicking on the cancel button, if does not wish to accept the scrip.

**Step 4:** The transferee can approve the transfer scrip request after clicking the approve button, Transferee has to fill a valid OTP. After clicking the Approve button, the transferee is directed to fill OTP. This OTP is generated and sent to the transferee over registered Mobile number and email ID and is valid only for 15 minutes. In case the user fails to enter a valid OTP in 15 minutes, the user is redirected to generate a new OTP.

**Step 5:** The Scrip will be transferred to Transferee after successful OTP validation. Also, a message regarding successful transfer of the Scrip is generated and displayed on the screen.

**g. How to Add Scheme:**

**Step 1:** Once Escrip account is created by the user, user can avail benefit of various export incentive schemes like RoDTEP, RoSCTL by clicking on “Add Scheme” button on the Escrip Home page.

**Step 2:** User will be directed to select the scheme name from the drop down in “Add Scheme” field and click on “Add Scheme to my account”.

Details in tabular form will be available to the user about the scheme details.

**Scheme Name:** RoDTEP/ RoSCTL/other export incentive scheme

**Scheme Account Balance:** Current balance of the account

**Account Status:** Whether account is active or suspended Credit

**Account Opening Date:** Date on which the Escrip account was created for particular scheme Last Credit

**Account Operating Date:** Date on which last activity was done by the user

**F. Utilization of Duty Scrips in Imports:**

- The owner of the scrip (either the original exporter beneficiary or any other IEC to whom the scrip was transferred on ICEGATE portal) can use these duty scrips in the Bill of Entry for the payment of the duty of customs leviable under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) i.e., Basic Customs Duty (BCD) only by giving the details of the scrips in the license table of the Bill of Entry
- The scheme code to be used in Bill of Entry for these scrips would be “RS” along with Notification No. as “ROSCTL”.

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