

F.No.605/42/2016-DBK (Pt.II)
Government of India
Ministry of Finance, Department of Revenue
Central Board of Excise and Customs
Drawback Division

New Delhi, dated 31st August 2016

To
All Pr. Chief Commissioners / Pr. Directors Generals of CBEC
All Chief Commissioners / Directors General of CBEC
All Pr. Commissioners / Commissioners of CBEC
Director General of Systems & Data Management
Principal Chief Controller of Accounts, CBEC

Madam/Sir,

Subject: Rebate of State Levies on Export of Garments – Implementation by CBEC reg

The Government of India has decided to adopt a mechanism wherein the rebate of State levies on garment exports is provided based on a budgetary allocation of the Ministry of Textiles under a scheme in which the Department of Revenue/Central Board of Excise and Customs (CBEC) handles disbursement along with the extant Duty Drawback.

2. In pursuance of this decision, and in consultation with CBEC and keeping in view inputs from Department of Legal Affairs, the Controllers of Accounts and the DG Systems (CBEC) on legal, administrative and infrastructure aspects, the Central Government (Ministry of Textiles) has issued Notification Nos. 12020/03/2016-IT dated 12.8.2016 and 31.8.2016 for the Scheme for Rebate of State Levies on Export of Garments, 2016 (ROSL scheme). Further, based on the recommendations of the Drawback Committee constituted by the Central Government (Ministry of Finance, Department of Revenue, CBEC), the Central Government (Ministry of Textiles) has issued Notification No. 12020/03/2016-IT dated 13.8.2016 notifying the rates of rebate in Schedule I and Schedule II. These notifications should be downloaded from egazette.gov.in and perused. This Circular provides the guideline framework for implementation of this scheme.

3. The ROSL scheme is meant for exports of garments that are defined in the scheme as goods falling under Chapters 61 or 62 of the Schedule of All Industry Rates of Drawback. It is applicable to exports with Let Export Order dates from 20.9.2016 onwards. Though applicability is for three years, nonetheless based on changes in underlying conditions, the Central Government can adjust the rates of rebate.

4. The rates of rebate notified are accompanied by rebate caps in Rupees/Unit. These rates are on an average basis and determined in a like manner as AIRs of Drawback. The rate of rebate is not divisible into any component tax or input. The rates of rebate are provided either as the general rates of rebate (Schedule I) or the rates of rebate applicable for exports when the fabric (including interlining) only has been imported duty free under Special Advance Authorization (Schedule II). These schedules are based on the extant Schedule of All Industry Rates of Drawback for Chapters 61 and 62. The rebate is not applicable on exports made under the general Advance Authorization Scheme with claim of duty drawback under Rule 6 of the Drawback Rules. The definition of export in ROSL scheme does not cover movement of goods from DTA to SEZ units.

5. In ROSL scheme, the rebate of State levies is understood to comprise State VAT/CST on inputs including packaging, fuel, duty on electricity generation and duties and charges on purchase of grid power, as accumulated through the stages of production from yarn to finished garments. The ROSL scheme is not mandatory for an exporter. Therefore, an exporter has to make a conscious choice to opt for ROSL scheme by making claim for rebate in acceptance of the ROSL schemes terms and conditions (including under this Circular) cum a declaration of eligibility for the rate and rebate. This declaration of eligibility is exporter's self-declaration that he is eligible for the rate and rebate in as much as exporter has not claimed and shall not claim the credit/ rebate/ refund/ reimbursement of the specific taxes that comprise the rebate of State levies under any other mechanism and also that exporter has constituted an Internal Complaints Committee (ICC), where applicable, in pursuance of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

6. The claim cum declaration of eligibility has to be made by exporter on drawback exports at item-level. The drawback exports (shipping bill or bill of export) may be standalone or in combination with other schemes. The options in permutation with the ROSL Scheme are being provided with separate scheme-codes which the exporter is to declare at item level to make claim cum declaration for the rebate. For EDI shipping bill, selection of the scheme-code involving ROSL scheme at the time of export shall itself amount to making claim cum declaration of eligibility. For EDI shipping bill this shall be the only means to make the claim. If need for manual shipping bill arises, only then the exporter printing the claim cum declaration on the shipping bill shall be accepted. No claim for rebate shall lie except in this manner. The scheme-codes are being publicized by the Systems Directorate.

7. The amount of rebate is calculated using the FOB value and the rates and caps of rebate specified in ROSL scheme. The rate and cap of rebate for a tariff item as shown in columns (4) and (5), –

(a) of said Schedule I is used for calculation when shipping bill item has claim for AIR drawback or when the shipping bill item involves export under Rule 7 of Drawback Rules 1995 under claim for Brand Rate of drawback with identifier 9807 followed by tariff item number and suffix "B" of the AIR Drawback Schedule where provisional Drawback of Customs portion is to be paid;

(b) of said Schedule II is used for calculation when the shipping bill item has claim for AIR drawback in combination with Special Advance Authorization of para 4.04A of FTP 2015-20 or when the shipping bill item involves export under Rule 7 of Drawback Rules 1995 under claim for Brand Rate under this combination with identifier 9807 followed by tariff item number and suffix "D" of the AIR Drawback Schedule where provisional Drawback of Customs portion is to be paid.

8. The ROSL scheme provides for rebate claims handling only after the goods are exported (i.e. on correct filing of Export General Manifest for the shipping bill or bill of export) and in parallel with Duty Drawback albeit separately, and after Drawback is processed. For EDI shipping bills the calculation is being automated by the Systems Directorate. For manual exports, the Deputy/Assistant Commissioner (Drawback) shall calculate the rebate amount. Before scrolling out rebate for payment in EDI or manually generating the list for rebate payment, the DC/AC (Drawback) would rule out existence of alert against exporter or shipping bill. Based on Central Government (Ministry of Finance) approval, the DC/AC (Drawback) is authorized by CBEC to issue sanction of rebate. The scroll/list of payments would be routed to PAO. For EDI shipping bills, the routing is being arranged by Customs EDI with digital signature in manner compatible with e-PAO. The PAO shall ensure payment into exporter's bank account based on availability of budgetary allocation of Ministry of Textiles.

9. To facilitate exporters, the Systems Directorate is making arrangements to reflect the rebate amount in shipping bill check list, during export processing and in print out of post-LEO shipping bill and make available rebate related information to exporters on similar lines as being made available for Drawback.

10. The ROSL scheme provides that the exporter shall return any over-payment of rebate arising from miscalculation. It is also a condition of the ROSL scheme that 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 is deemed never to have been allowed on the same lines as Duty Drawback, and any other cause that also affects the Drawback is deemed to have the similar effect on the rebate. Since the officers of CBEC adopt the processes applicable to Drawback Scheme for recovery from exporter or repayment by exporter of Drawback, on this premise, the ROSL scheme declares that in such cases the decisions with respect to Drawback, including in cases of disputes, are deemed to apply *mutatis mutandis* to the rebate. Thus, the officers of CBEC are not required to directly adjudicate or dispose in appeal the rebate amount; however the status/decisions in Drawback matters are to be adopted for the rebate.

11. In pursuance of recovery provisions for rebate in the ROSL scheme, it is guided that the DC/AC (Drawback) is to issue a letter to the exporter in terms of para 7 of ROSL Scheme informing the rebate amount to be paid into the account head of Ministry of Textiles and specify that interest at the rate of 15% per annum on that amount is due from the date of payment of rebate. The letter is to request the exporter to deposit the full sum within 30 days in the designated account head of Ministry of Textiles and to submit proof of such deposit to the office of the Textile Commissioner within 60 days of the date of the letter. The letter shall also inform the exporter that any such amount that remains to be reconciled as deposited in the office of the Textile Commissioner would be recovered by the Textile Commissioner. A copy of this letter shall be endorsed to the office of the Textile Commissioner for necessary action. These actions by DC/AC (Drawback), where applicable, are to be taken based on the status of actions/decisions on the Drawback front. This is an area where the Commissioners have responsibility of close monitoring of the nature of actions being taken by the DC/AC (Drawback), for ensuring proper record-keeping distinct from that for Drawback Scheme and for maintaining effective coordination with the Textile Commissioner so that actions remain logical and informed as the ROSL scheme has empowered the Textile Commissioner to have the amounts recovered as arrears of land revenue. Moreover, to ensure hundred percent effective communication the above mentioned endorsed letters or other documentary exchanges made with Textile Commissioner's office should necessarily be replicated via official email.

12. The ROSL scheme requires the Ministry of Textiles to cause checks to ensure integrity of the declarations of eligibility for rate and rebate made by exporters on the counts of having constituted the ICC where required and/or not having claimed reimbursement etc of the specific State levies under any other mechanism. For this purposes, a monthly list of rebate claims processed in EDI containing details that include IEC number, name of exporter, State of origin of goods declared in shipping bill and shipping bill number-date-wise amount of rebate scrolled, would be conveyed by the Systems Directorate via email to Ministry of Textiles. Every Customs location from where any rebate may have been processed manually shall convey this information from its official email. Where recovery arises on ground of wrongful declaration of eligibility by exporter, the entire actions for recovery would be initiated and concluded by the Textile Commissioner.

13. It is clarified that making good short-payment of rebate, if any, or when rebate allowed is deposited back by exporter with office of Textile Commissioner but is required to be repaid to exporter, would require the DC/AC (Drawback) to manually issue payment list to the PAO.

14. The Systems Directorate shall publicize its arrangements including to exporters in sufficient advance of 20.9.2016 for seamless implementation of the ROSL scheme. Similarly, the Pr. CCA (CBEC) shall publicize in advance its preparations and procedures including the account heads to exporters, officers of CBEC and PAOs.

15. Based on this guideline framework the individual Commissioners are required to provide adequate guidance to officers and exporters, inter alia, also giving sufficient attention with respect to actions described in paras 11 and 13 above and to facilitate the smooth functioning of the ROSL scheme.

16. Difficulties in implementation, if any, that a Commissioner is not able to resolve, shall be resolved by the Chief Commissioner under intimation to the Board. Issues that Chief Commissioners are not in a position to resolve should be referred to the Board.

(Rajiv Talwar)
Joint Secretary to the Government of India
Email: jsdbk-rev@nic.in

Copy for kind information to -

PS to FM / PS to MOSF(R)
Secretary (Revenue)
Chairman (CBEC)
All Members of CBEC