

Preliminary Comments on issues raised by FIEO

Sr. no	Issue raised by FIEO	Preliminary Comments
1.	<p>Multiple products falling under different HSN codes are made in the same factory and it is difficult to bifurcate the values. Hence clarification is required:</p> <p>i. Can a single format be submitted mentioning all products or</p> <p>ii. Separate formats for each of the products and values apportioned on turn over basis</p>	Option (2) is recommended
2.	Can the taxes and duties incurred by job workers on materials used, fuel, electricity etc be also added to the data given by an exporter and suitable working sheets enclosed.	In principle yes. Data on embedded taxes incurred on job work to be submitted.
3.	Purchases are predominantly done on CIF basis and the freight is borne by the supplier and it is not possible for the exporter to get the freight charges and related embedded details. In such a situation Councils and at their level can do a study as to calculate per km incidence of excise, vat, road tax and other embedded taxes and provide to exporters. The exporters could use these details as a benchmark while filling the formats. It would be important to know whether such methodology would be tenable as it will ensure uniformity and also make job of exporter easier.	Councils to give quantum of embedded taxes per rupee (not per km.) of transportation cost, separately for road and rail.
4.	There are lab testing being done on raw materials or export products, as per statutory requirements of our country or the importing country. These testing labs incur import duties and taxes other than GST and are not rebated under any scheme. Can this be again taken at each Industry Council/ association level and added to the individual exporter data.	The amount of eligible embedded taxes incurred on lab testing charges is likely to be insignificant in proportion to the total value of exports. However, Councils could work out the quantum of embedded taxes if they feel it is significant.
5.	In export industry there is considerable amount spent on transport of factory workers. The fuel consumed for the van/buses used in transport of workers is considerable in some cases and hence there is a need that the excise/VAT/ embedded taxes may be considered.	Factory wise data may be submitted for decision of the Committee.
6.	As per Section 17(2) or 17(4) of CGST Act Banks forego GST credit and thus are added to cost of charges. Can this also be calculated at the Council/ FIEO level and provided to the members to adopt appropriately in their data	Needs further examination FIEO may submit data.
7.	There are local bodies levies such as property tax, sewage tax, Professional tax etc. Could these also be considered, since the local bodies also discharge constitutional functions as Governments.	Separate data may be furnished in respect of each of these taxes.

8.	There are other statutory payments as per annexure which are all costs to the exporter and are to be absorbed by him. Can these also be factored into the RoDETP rate? These are not paid for any particular services availed but are in nature of taxes.	Some taxes could be included. The details of taxes/levies imposed, supported by corresponding legislation, may be furnished factory wise. Does FIEO has any information on any other country that remits such charges.
9.	Embodied taxes incurred in power generation, distribution, etc. which can be provided by FIEO/ EPCs by calculating additional hidden taxes per unit electricity and can be added in all HS codes.	Acceptable
10.	Will the rates fixed for upstream products, procured locally, be factored by the committee, automatically in arriving at the rates for the products, even though the exporter of the product is unable to provide the details of embedded taxes but can provide quantitative and value details of consumption for the export product made using those materials.	Acceptable. Corresponding supporting data may be submitted for such upstream products.
11.	Whether the fixation of rates will be a year to year exercise like in case of All Industry Rate of Drawback or a one-time exercise.	Government will take a decision on this.
12.	In cases where the data has already been submitted to DGFT will suffice or fresh data, as sought by the Department of Revenue, needs to be submitted again.	Fresh data to be submitted for the period mentioned.
13.	Although, the formats have been shared by DoR, whether we could expect a detailed Policy/Rules so as to have more clarity for industry w.r.t to sharing tax incidence on raw material as well as fuel, the data of which could be not easily accessible to exporters.	Clarification given above.
14.	Our view is that there should not be any ceiling on RoDTEP rates as the same are for remission of actual indirect tax incidence suffered on exported products.	Government will take the final decision on the rates to be notified.
15.	Lastly, the time period for the submission of the data was 2 weeks from 10.8.2020 and a relaxation is also being sought in this regard.	Committee would like data to be submitted as early as possible and latest by 15.09.2020.