



The Institute of Chartered Accountants of India

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

GST & INDIRECT TAXES COMMITTEE

Webinar on Navigating Export Incentive Schemes &
Professional Opportunities for Chartered Accountants

Date: 15-09-2026

By CA Abhishek Malpani



The Institute of Chartered Accountants of India

SESSION ROADMAP



What we will cover in 45 minutes



The 'why' & the map

Why incentives exist and how FTP 2023 schemes are classified



Advance Authorisation

Duty-free import of inputs physically used in exports



RoDTEP

Remission of embedded taxes not refunded elsewhere



EPCG Scheme

Duty-free capital goods against an export obligation



Duty Drawback

Refund of customs duty on inputs / re-exported goods



Comparison & the CA opportunity

Choosing a scheme, combining them, and where CAs add value



Why export incentives exist

“Taxes and duties should not be exported.”

Goods are consumed abroad, so the embedded Indian taxes on their inputs are neutralised — otherwise Indian exports carry a hidden tax and lose price competitiveness.

This is the guiding logic behind every scheme in this session — and it keeps them WTO-compliant.



Competitiveness

Level the playing field for Indian exporters against global rivals whose inputs are tax-free.



WTO compliance

Post the MEIS ruling, incentives must remit actual embedded taxes — not act as prohibited subsidies.



Ease of doing business

FTP 2023 moved AA / EPCG / DFIA to a fully paperless, rule-based, online lifecycle.



The Institute of Cost Accountants of India

THE LANDSCAPE



How the four schemes fit together

DUTY EXEMPTION

Import inputs / capital goods without paying duty up front



Advance Authorisation

Duty-free inputs physically incorporated in the export product



EPCG

Duty-free capital goods (machinery) for producing exports

DUTY / TAX REMISSION

Recover duties & taxes after the export is made



Duty Drawback

Refund of customs duty suffered on imported inputs



RoDTEP

Rebate of embedded taxes not refunded by any other route

Exemption relieves duty before you import; remission returns duties & taxes after you export. Most exporters use a combination.



The Institute of Chartered Accountants of India

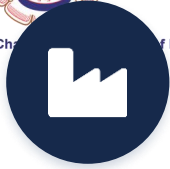


SCHEME 01

EPCG Scheme

Export Promotion Capital Goods — modernise your plant, duty-free

01



Zero-duty capital goods, in exchange for exports

The idea in one line

Import capital goods (plant, machinery, equipment, tools, spares, even software forming part of them) at 0% customs duty — provided you export goods/services worth a multiple of the duty saved within a fixed period.



Governed by Chapter 5 of FTP 2023 & the Handbook of Procedures; administered by DGFT.



Covers pre-production, production and post-production capital goods — new or in CKD/SKD form.



Domestic sourcing of capital goods is also allowed (with a lower export obligation as an incentive).



Also exempts IGST and Compensation Cess on the import (as notified from time to time).

0%

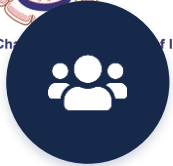
Customs duty on eligible capital goods

6×

Export obligation = 6 times the duty saved

6 yrs

Period to complete that export obligation



Who is eligible & the two obligations



Who can apply

- Manufacturer exporters (with or without supporting manufacturers)
- Merchant exporters tied to a supporting manufacturer
- Service providers who export services
- Common Service Providers (CSPs) in notified sectors

Two obligations to keep the benefit



Specific Export Obligation

Export goods/services worth 6× the duty saved, within 6 years of authorisation.



Average Export Obligation

Maintain the average export turnover of the preceding 3 years, so existing exports don't fall.

Actual-user condition: capital goods can't be transferred until the obligation is discharged. Default means paying back the saved duty with 15% p.a. interest.



The Institute of Chartered Accountants of India



EPCG • BENEFITS & WHO SHOULD AVAIL

The payoff — and who it suits best



Upfront cash-flow relief

No customs duty, IGST or cess blocked on expensive machinery at import.



Cheaper capacity expansion

Modernise or scale up plant without financing the duty component.



Domestic-sourcing bonus

Reduced export obligation if capital goods are procured within India.



Green-tech & relief measures

Streamlined online approvals; periodic EO relief for declining sectors.



WHO SHOULD AVAIL

Capital-intensive manufacturers importing machinery, exporters planning a capacity expansion or technology upgrade, and steady service exporters (e.g. hospitality, healthcare, logistics) with a reliable, growing export stream to comfortably absorb the export obligation.



The Institute of Chartered Accountants of India

EPCG • COMPLIANCE & THE CA'S ROLE



Where the Chartered Accountant adds value

Key compliance touchpoints

- Nexus of capital goods with the export product (Chartered Engineer + accounts)
- Installation certificate within the prescribed time
- Block-wise & annual EO monitoring; average-EO upkeep
- Online EODC / redemption (e-signed, QR-coded authorisations)
- Regularisation of any shortfall — duty + 15% interest



CA service opportunities

- Appendix 5B certification for issue of the EPCG authorisation
- Duty-saved computation & export-obligation modelling
- EO tracking dashboards and early-warning on shortfalls
- EODC filing, redemption and closure support
- Representation before RA / Policy Relaxation Committee for defaults



The Institute of Chartered Accountants of India



SCHEME 02

Advance Authorisation

Duty-free import of the inputs that go into your exports

02



Duty-free inputs, physically used in exports

The idea in one line

Import inputs / raw materials that are physically incorporated into the export product (plus normal wastage) without paying customs duty — against a commitment to export the resulting goods.



Chapter 4 of FTP 2023; Customs Notification 21/2023. 'Actual user' condition applies.



Norms set via SION, self-declaration, Norms Committee, or the Self-Ratification Scheme.



Domestic sourcing via Advance Release Order (ARO) or Invalidation Letter is allowed.



Duties it exempts

- Basic Customs Duty
- Additional Customs Duty
- IGST & Compensation Cess (as notified)
- Anti-dumping / safeguard / countervailing duty (where applicable)

Broader duty coverage than Drawback — but with strict end-use conditions.



The mechanics you must track

15%

Minimum value addition (higher for some products; 50% for tea)

12 mo

Validity for import of inputs from date of issue

18 mo

Export-obligation period (revalidation / extension possible)

Value addition, simply

VA % = (FOB value of exports – CIF value of inputs) ÷ CIF value of inputs × 100

A minimum positive value addition (generally ≥15%) must be achieved and demonstrated at closure.

Issued for

- Physical exports (including supplies to SEZ)
- Intermediate supplies
- Specified categories of deemed exports
- Supply of stores on board foreign-going vessels / aircraft



The payoff — and who it suits best



No duty blocked on inputs

Working capital isn't tied up in duty at the time of import.



Widest duty coverage

Neutralises BCD, IGST, cess and even anti-dumping/safeguard duties.



Lower cost of goods sold

Cheaper inputs sharpen price competitiveness on exports.



Flexible sourcing

Import directly, or source domestically via ARO / Invalidation Letter.



WHO SHOULD AVAIL

Manufacturer exporters with import-intensive inputs and predictable input-output norms — chemicals, pharma, engineering, textiles, leather, auto components. Best where inputs are a large share of cost and export orders are firm enough to meet the value-addition and EO conditions.



Where the Chartered Accountant adds value

Key compliance touchpoints

- Correct SION mapping or norms fixation for inputs
- Bond / LUT with the customs authority (duty saved + 15% interest cover)
- Consumption records proving physical incorporation + normal wastage
- Value-addition computation for closure
- EODC (ANF 4F) filing and redemption within the EO period



CA service opportunities

- Certifying consumption & value addition for EODC
- Advising on ad-hoc norm fixation and self-ratification
- Designing input-output & wastage documentation systems
- Reconciling shipping bills, BoEs and licence quantities
- Regularisation and interest computation on any shortfall



The Institute of Chartered Accountants of India

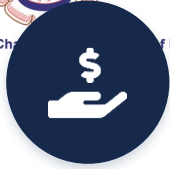


SCHEME 03

Duty Drawback

Getting back the customs duty embedded in your exports

03



DRAWBACK · WHAT IT IS

A refund of customs duty on exports

A rebate of customs duty suffered on imported/excisable materials used to make exported goods — or on duty-paid goods that are re-exported. Governed by Sections 74 & 75, Customs Act 1962 and the Drawback Rules, 2017; administered by CBIC.



Section 74

Re-export of imported goods

Duty-paid goods re-exported in the same / substantially same form.

- Up to 98% of the import duty refunded
- Goods must be identifiable as those imported
- Re-export generally within 2 years of import



Section 75

Exports of manufactured goods

Imported inputs used to manufacture goods that are then exported.

- Rebate of duty on inputs used in manufacture
- Two rate routes: All Industry Rate & Brand Rate
- Realise export proceeds within RBI timeline



All Industry Rate vs Brand Rate



All Industry Rate (AIR)

- Pre-notified rates for thousands of products
- Published by CBIC in an annual schedule
- Minimal documentation — fast, EDI-processed
- Best for standardised products
- May under-compensate high-duty inputs



Brand Rate

- Fixed case-by-case on actual duty incidence
- Used when no AIR exists, or AIR < 80% of actual duty
- Needs detailed input-output & duty data
- Fairer for customised / high-duty goods
- More documentation; slower to fix



Rule of thumb: start with AIR for speed; switch to a Brand Rate when the AIR recovers less than 80% of the customs duty actually suffered on your inputs.



Bringing it together



Benefits

- Refund of customs duty on inputs
- Fast, largely automated (credited in ~2 days of EGM for AIR)
- Can be claimed alongside RoDTEP on the same shipment
- Well-established, predictable route



Who should avail

- Exporters using imported / duty-paid inputs
- Traders re-exporting imported goods (Sec 74)
- Manufacturers whose product has an AIR
- High-duty input users → evaluate Brand Rate



The CA's role

- AIR vs Brand Rate analysis
- Brand Rate data & application
- Input-output & duty-incidence certification
- Proceeds-realisation tracking
- Recovery / demand defence



The Institute of Chartered Accountants of India



SCHEME 04

RoDTEP

Remission of Duties and Taxes on Exported Products

04



Refunding the taxes nothing else refunds

The idea in one line

A rebate of embedded central, state and local duties/taxes that are NOT refunded through GST credit, Drawback or any other mechanism — e.g. VAT & excise on fuel used in transport, mandi tax, electricity duty, stamp duty.



Live since 1 Jan 2021; the WTO-compliant successor to MEIS. Subsumes RoSCTL for many lines.



Benefit issued as transferable electronic duty-credit scrips, tracked in an e-ledger.



System-driven: claimed by flagging RoDTEP in the shipping bill on ICEGATE — no separate licence.



How it works

- Rates notified in Appendix 4R (DTA) and Appendix 4RE (AA / SEZ / EOU)
- Rates typically ~0.3% to 4.3% of FOB value, some with per-unit caps
- Scrips are transferable; usable to pay Basic Customs Duty on imports
- Scrip validity ~12 months — unused scrips can't be revalidated



A fast-moving scheme — know the live position

Recent policy trail (verify the live DGFT position before advising)

Jun 2025

Restored for AA / SEZ / EOU via Appendix 4RE

23 Feb 2026

Benefits temporarily capped at 50% of rates

23 Mar 2026

50% cap withdrawn — full rates restored

1 Apr–30 Sep 2026

Extended for DTA / AA / SEZ / EOU



Who is covered

- All exporters of notified goods with a valid IEC — no minimum turnover
- Manufacturer & merchant exporters alike
- DTA units, and (currently) AA holders, SEZ units & EOUs



Key exclusions

- Goods manufactured in bonded warehouses
- Re-exports of imported goods
- Exporters on the Denied Entity List (DEL)
- Certain other notified categories & product lines



Bringing it together



Benefits

- Refunds otherwise-stuck embedded taxes
- Transferable scrips — monetisable
- Automatic, low-effort at claim stage
- Stackable with Duty Drawback
- No minimum turnover to qualify



Who should avail

- Practically every goods exporter of notified lines
- Especially logistics-heavy / fuel-intensive supply chains
- Exporters already on Drawback (claim both)
- MSME exporters — no turnover barrier



The CA's role

- Ensure correct shipping-bill flagging
- Reconcile scrips vs eligible FOB
- File the Annual RoDTEP Return (ARR)
- Advise on scrip utilisation / sale
- Track rate & validity changes



The Institute of Chartered Accountants of India



PART TWO

Bringing it together

Comparison, combining schemes, and the professional opportunity for CAs



The four schemes compared

	EPCG	Advance Auth.	Duty Drawback	RoDTEP
Relieves	Duty on capital goods	Duty on inputs	Customs duty (refund)	Embedded taxes (rebate)
Timing	At import	At import	After export	After export
Governed by	FTP Ch. 5	FTP Ch. 4	Customs Act s.74/75	FTP / FTDR Act
Form of benefit	Duty waiver	Duty waiver	Cash refund	Transferable scrip
Key condition	6× EO in 6 yrs	15% value addition	AIR / Brand Rate	Shipping-bill flag
Best for	Machinery importers	Input-intensive mfrs	Duty-paid input users	All notified exporters



Can the schemes be combined?



Generally stackable

- Duty Drawback + RoDTEP on the same shipment — they cover different tax heads
- EPCG (capital goods) alongside AA or Drawback (inputs) — different cost layers
- RoDTEP currently available to AA / SEZ / EOU exports via Appendix 4RE



Watch the overlaps

- No double benefit on the same duty/tax head
- AA inputs are already duty-free — no Drawback on those same inputs (Brand Rate limits apply)
- Choose exemption (AA) OR input Drawback for a given input, not both
- Verify current eligibility — AA/SEZ/EOU RoDTEP status has changed repeatedly



The Institute of Cost Accountants of India



THE OPPORTUNITY

Professional opportunities for CAs



Statutory certification

CA/CS/CMA certificates DGFT & Customs rely on — EPCG (App. 5B), AA consumption/value-addition, export-turnover & Star-status certificates.



Advisory & scheme selection

Benchmarking schemes, duty-saving modelling, structuring exports to maximise combined benefit.



Compliance & closure

EO monitoring, EODC/redemption, Annual RoDTEP Return, reconciliation of BoE / shipping bills / licences.



Representation & litigation

Defaults, demand notices, Policy Relaxation Committee, appeals before Customs / CESTAT.



Systems & health-checks

Designing input-output documentation, incentive dashboards, periodic FTP health-checks / due diligence.



Registrations & set-up

IEC, RCMC, AEO, digital signatures and onboarding new exporters end-to-end.



IN SUMMARY

Five things to take away

1

Two families, one logic

Exemption up front (EPCG, AA) and remission after export (Drawback, RoDTEP) — all to ensure taxes are not exported.

2

Match the scheme to the cost layer

Capital goods → EPCG. Inputs → AA or Drawback. Embedded taxes → RoDTEP. Combine where heads differ.

3

Conditions are where value — and risk — live

Export obligations, value addition, actual-user rules and proceeds realisation make or break the benefit.

4

RoDTEP is dynamic

Rates, caps and coverage change often — always confirm the live DGFT position before advising.

5

A recurring CA engagement

Certification, advisory, compliance, closure and representation across the whole export lifecycle.



Thank You

Name CA Abhishek Malpani

Email ca.malpani1989@gmail.com

Mobile 9422927642