

Nutraceutical Industry

RODTEP submission

Discussion with Nutraceutical
companies on improving data

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AGENDA

1. Recent developments under FTP
2. Key requirements for making RODTEP submission
3. Current status
4. Objective
5. Improve data
6. Way forward

RECENT DEVELOPMENTS UNDER FTP

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Owing to the lockdown on account of the Covid-19 pandemic, exports and imports have been adversely impacted. Exporters were facing several difficulties to meet the existing due dates to avail benefits and complete compliances under the foreign trade policy. The extension to the FTP 2015-2020 by 1 year and relief in due dates as a welcome relief to exporters. Key developments under FTP are given below –

- The validity of Foreign Trade Policy (FTP) 2015-20 has been extended from 31 March 2020 to 31 March 2021. This means that the new FTP 2020-25 would be introduced in April 2021. However, the benefits under MEIS would be available only upto 31 December 2020 (Trade Notice: 03/ 2020-21 dated 15 April 2020)
- The sectors and products under the RoDTEP scheme will be notified in a phased manner, and benefits under the MEIS for those sectors and items will be withdrawn.
- The extension of MEIS scheme up to 31 December 2020 should be considered as a bonus period provided to prepare and finalise the RODTEP submissions in an appropriate manner

KEY REQUIREMENTS FOR MAKING RODTEP SUBMISSION

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Data provided should be mandatorily based on the **exports made** during period **January 2019 to June 2019**

It should be ensured that only taxes and levies/duties borne on the exported products which are **not getting refunded or re-imbursed** under any other mechanism are counted while calculating the tax incidence on the exported product

Data provided should be **properly scrutinized and certified** by manufacturer/exporter and their **chartered accountant or cost accountant**

For each HS code/export product, the EPCs/industry bodies should **submit data from at least 5 units/firms**, so as to be representative of the Industry

The units should have **representation of small, medium and large manufacturers**

CURRENT STATUS

CURRENT STATUS

- With the joint efforts undertaken from time to time, data for 3 companies has been finalized and we are in the process of finalizing data for 4 other companies
- The final outcome ie the % embedded taxes for major Nutraceutical HSNs are encapsulated below –

HSN	Company 1	Company 2	Company 3	Company 4	Company 5	Company 6	Average rate
1302 1919	4.44%	3.00%	1.81%	3.04%	2.47%	2.66%	2.90%
0910 3090			1.75%				1.75%
1302 1918			4.30%	1.13%			2.71%
3301 9014				2.51%			2.51%
0910 3090			3.20%				3.20%

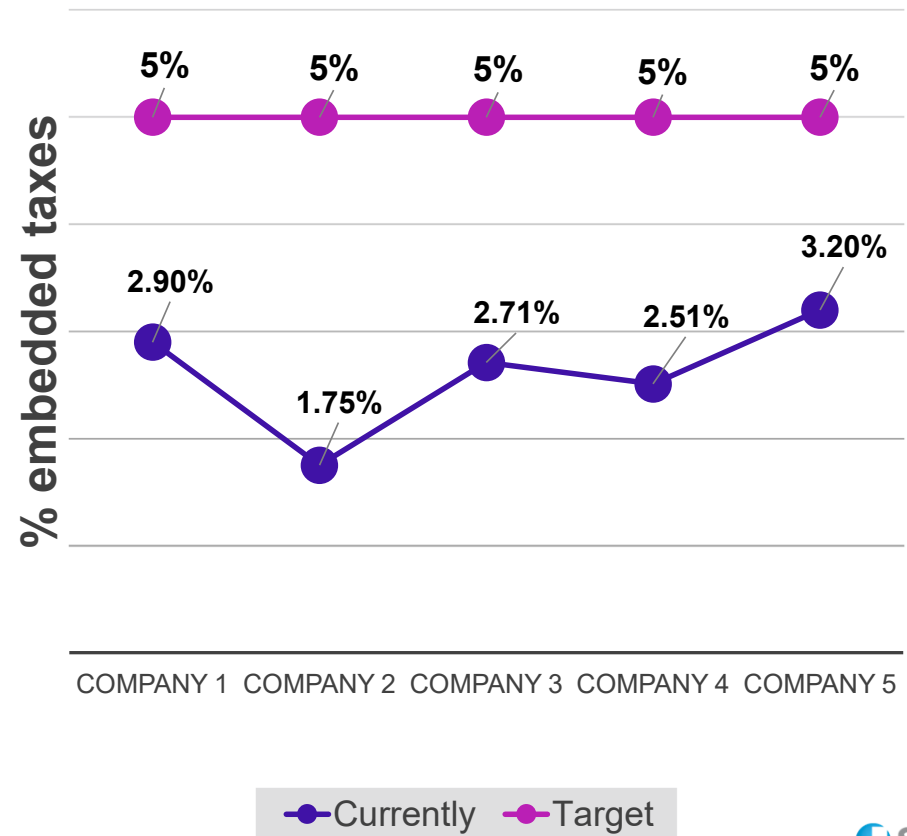
- *The above are subject to pending data from few companies and may change accordingly*

OBJECTIVE

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- The benefit available to majority Nutraceutical companies under the currently available MEIS scheme ranges from **3%-5%**
- Currently, as per the working the % embedded taxes ranges from **1%-3%**
- The working prepared basis the data received from the companies. We have identified embedded taxes basis the discussion with companies and research from data available on public domain
- As a next step, we would like to analyze the workings, compare the data of respective HSN's of various companies and **identify opportunities to improve the data and workings to capture entire gamut of embedded taxes.**

Current v/s targeted



IMPROVISE DATA

IMPROVISE DATA

Few points to be considered to improvise the data are given below -

Period January 2019 - June 2019

- There may be cases wherein certain procurements and expenses are not incurred during the period January to June 2019 but utilized for production and exports made during this period
- Companies should re-look at the data and identify the procurements or expenses which are not considered in the working
- If any procurement or expenses are identified, we should include the same, proportionally for 6 months (Jan to June 2019) along with a specific disclosure

Taxes on intermediary agricultural products

- Taxes such as Mandi taxes, GST on inputs such as pesticides, fertilizer etc. used in production are embedded on agricultural inputs
- Mandi tax and embedded GST applicable on inputs procured from contract manufacturing has been identified and incorporated in the workings
- However the above taxes would also be hidden in the intermediary agricultural products such as turmeric, black pepper or capsicum oleoresins, Bacopa Monnieri, Coleus Roots, etc
- We need to identify such products and the % Mandi tax applicable on such inputs

IMPROVISE DATA

Number of inputs considered for R3 working

- It is observed that taxes on “Inputs used in production of export product” provided by different companies for same HSN varies largely.
- This may be due to the judgement applied to identify major inputs used in production process.
- For instance 38 inputs are considered in case of company 1, 26 in case of company 2, 26 in case of company 3, 50 in case of company 4, 10 in case of company 5 and only 3 in case of company 6
- We need to align the same for companies providing data for same HSN

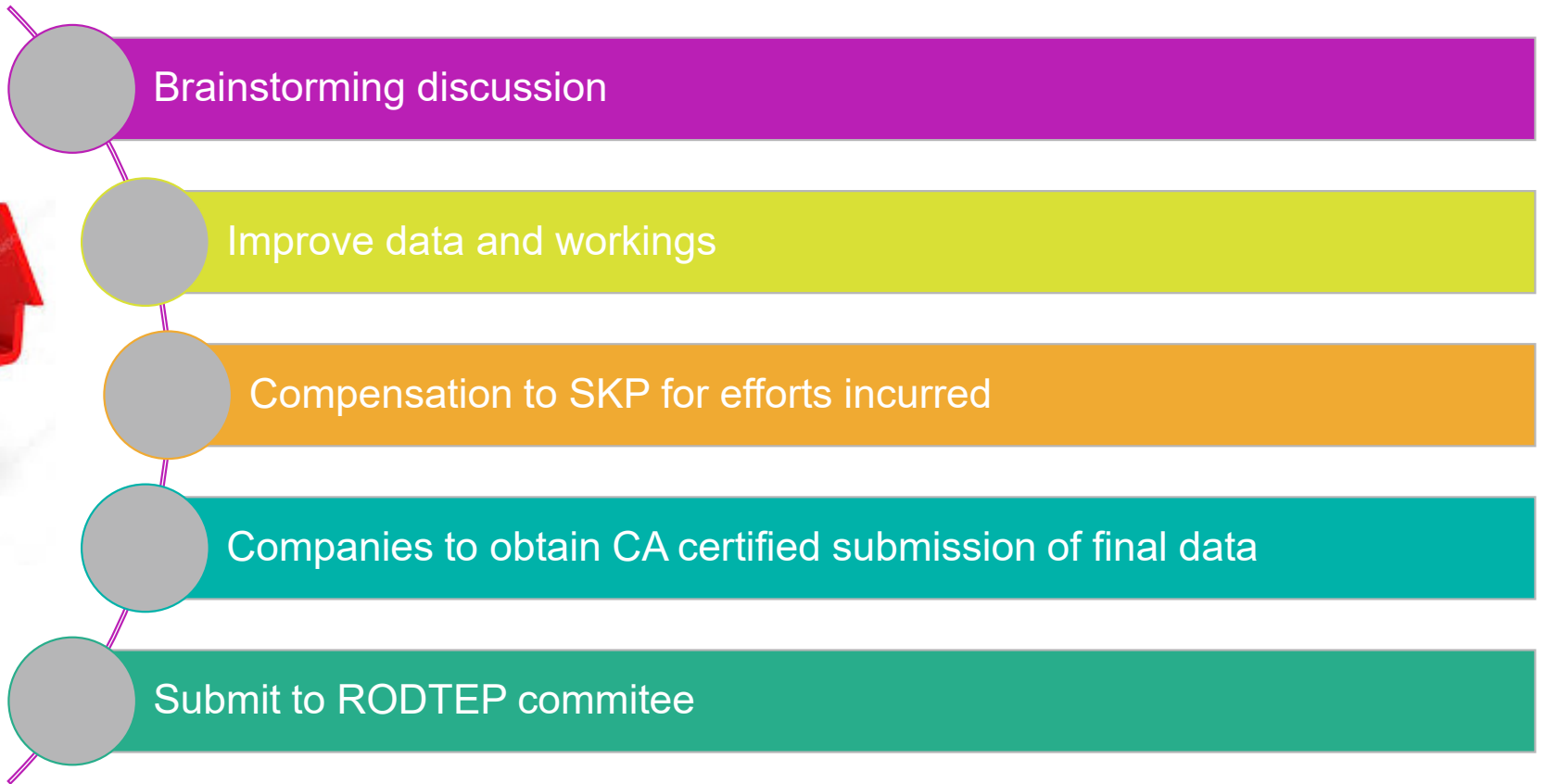
Ensure details for quantity manufactured, sold in domestic market, exported, FOB value of export are correctly provided and for period pertaining to January 2019 to June 2019 only–

- While analyzing the data received from various Nutraceutical companies, it has been observed that the cost incurred by various companies for per Kg production of output is significantly different.
- Also, FOB value of export per unit for 2 different companies for same HSN is substantially different in some cases.
- Such differences may be reconfirmed

We propose to conduct brainstorming discussion within Nutraceutical companies to identify more such points to improvise the data

WAY FORWARD

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