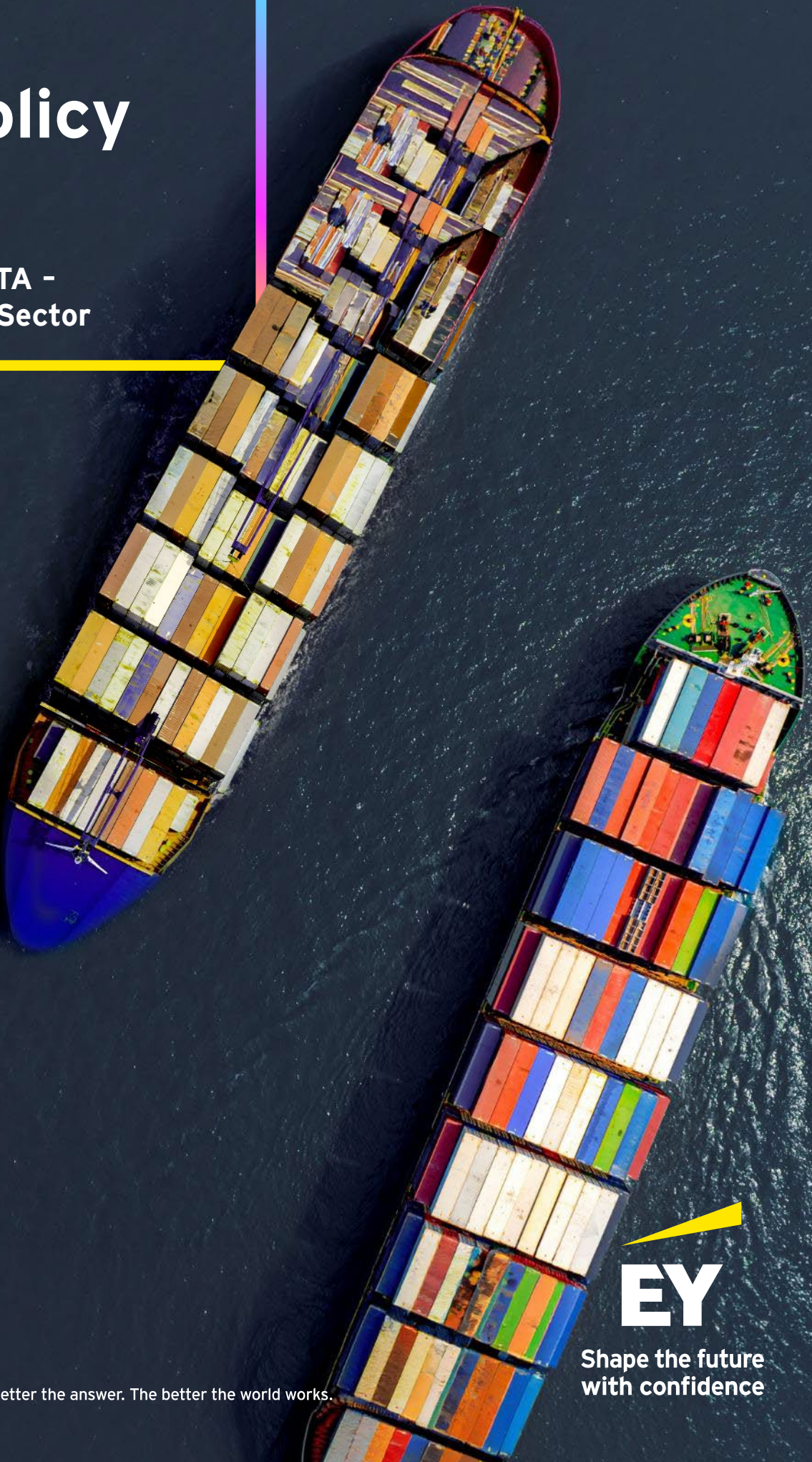


16 July 2026

EY Policy Alert

India-UK CETA -
Automotive Sector



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The **India-United Kingdom Comprehensive Economic and Trade Agreement (India-UK CETA)** marks a significant development in the trade and economic relationship between the two countries. The Agreement introduces a preferential tariff framework across a wide range of goods, including product-specific tariff liberalization schedules, tariff rate quotas (TRQs) for selected sectors, and detailed rules governing origin qualification and preference claims.

While the tariff concessions under the Agreement represent a substantial opportunity for importers and exporters, the ability to effectively avail of such benefits depends on compliance with a comprehensive framework comprising **Rules of Origin, Origin Declaration requirements, self-certification procedures, customs notifications, electronic authentication mechanisms**, and other operational conditions prescribed by Indian authorities. The implementation framework has been further operationalized through customs tariff notifications, CBIC circulars, ICEGATE advisories and DGFT public notices governing both preferential tariff claims and quota administration.

Given the interplay between substantive eligibility conditions and procedural requirements, businesses will need to evaluate not only the applicable duty benefits but also the practical aspects of claiming and retaining such benefits, including origin substantiation, documentation requirements, electronic compliance obligations, quota allocation mechanisms, and customs verification processes.

Against this backdrop, this alert analyzes the key operational and compliance aspects of the India-UK CETA, with a specific focus on:

- Preferential tariff rates and TRQs
- Rules of Origin and origin qualification requirements
- Origin Declaration and self-certification framework
- Relevant customs tariff and non-tariff implementation instruments
- Advance ruling mechanisms available to traders
- Key implementation challenges, ambiguities and open issues and
- Industry recommendations for the effective administration of the Agreement

Exports to United Kingdom

- The UK has classified products into tariff categories, including immediate elimination, quota-based duty exemptions and exclusions.

Acronym	Description	Effect
A	Duty exemption immediately at FTA Entry into Force (<i>covers auto parts falling under various headings including 8708, 8711, 8714</i>)	Duty-free from the date of FTA enforcement
TRQ	Duty exemption based on specified annual quota	Duty-free within quota; standard rates beyond quota
U	No commitment to reduce or exempt duties	No change; tariffs unchanged

- Electric/ Hybrid/ Hydrogen-Passenger Cars covered under CTH 8703 are covered under exemption category 'TRQ', wherein duty exemption is granted for imports made up to the quota prescribed for each year. Imports beyond the prescribed quota attracts pre-India CETA tariff rate.
- **Motor vehicles and parts/accessories:** The duty benefit may extend to motor vehicles and related parts/accessories covered under CTH 8703, 8704, 8705, 8706, 8707, 8708, 8709, 8710, 8711, 8712, 8713 and 8714, with exemption applicable from 15 July 2026, subject to the relevant tariff category and product-specific conditions. However, the applicable notifications, eligibility conditions and UK Customs provisions should be reviewed separately before concluding on benefit availability.

This alert provides a practical perspective on the customs and trade implications arising from the India-UK CETA. It highlights the key areas that businesses should evaluate while assessing benefit availability, including tariff concessions, quota access, origin qualification, documentation readiness and customs compliance requirements.

Overview

The India-UK CETA establishes the tariff liberalization framework applicable to originating goods traded between India and the United Kingdom. The Agreement adopts a staging-category model under which tariff concessions may be granted immediately upon entry into force, phased in over a defined period, reduced to specified end-duty rates, provided through TRQ, or excluded altogether from preferential treatment.

Accordingly, entitlement to preferential duty treatment depends not only upon satisfaction of origin requirements but also upon the applicable tariff commitment category prescribed in the relevant Schedule.

However, the United Kingdom has adopted a comparatively simpler framework. The UK Schedule primarily classifies products into either products available for immediate duty-free access upon entry into force and those excluded from preferential treatment. Consequently, a substantial proportion of Indian exports are expected to receive immediate preferential access to the UK market, subject to compliance with the applicable Rules of Origin and procedural requirements.

Understanding TRQ and its implications on the automobile sector

As part of TRQ provision for specified categories of products, the FTA provides as under:

- Preferential tariffs are available only up to specified annual quota quantities; although the quotas are increased over the years, allowing greater market access
- Imports exceeding the quota may either attract a separate out-of-quota concessionary rate or normal customs duties, depending upon the relevant product category

The treaty further provides that where the Agreement enters into force during a calendar year, quota quantities for that year shall be proportionately adjusted.

How TRQ impacts concessions towards automobile OEM sector

Sector	Pre-India UK CETA (Basic Customs duty + AIDC/SWS as applicable)	Tariff upon enforcement	Year-wise tariff reduction (Basic Customs duty + AIDC/SWS as applicable)
Specified Automobiles (ICE passenger CBU unregistered cars) under HS 8703 Petrol > 3000 cc / Diesel > 2500 cc	110%	Phased reduction to 10% (quota restrictions)	In-Quota Y1: 30% (10,000 units) Y2: 25% (12,500 units) Y3: 20% (15,500 units) Y4: 15% (18,500 units) Y5 onwards: 10% (variable quota limits: quota peaks at Y5 up to 19,000 units and declines from Y6 onwards) Out-Quota (i.e., no. of units exceeding In-Quota referred to above) Gradually reduced from 95% (Year 1) to 50% (Year 10). Year 1 rate confirmed vide Notification No. 29/2026-Customs dated 14 July 2026. The Government will update the Notification as per schedule agreed in agreement.
Specified Automobiles (ICE passenger CBU unregistered cars) under HS 8703 other than above	70%	Phased reduction to 10% (quota restrictions)	In-Quota Y1: 50% (5,000 units) Y2: 40% (6,000 units) Y3: 30% (7,000 units) Y4: 20% (8,000 units) Y5 onwards: 10% (9,000 units at Y5; declining from Y6 onwards)

Sector	Pre-India UK CETA (Basic Customs duty + AIDC/SWS as applicable)	Tariff upon enforcement	Year-wise tariff reduction (Basic Customs duty + AIDC/SWS as applicable)
			Note: The above quota limits apply equally to mid-size engine vehicles and small size engine vehicles (Refer Note 2) <u>Out-Quota (i.e., no. of units exceeding In-Quota referred to above)</u> Gradually reduced from 60% (Year 1) to 50% for mid-size engine vehicles and, to 45% for small-engine vehicles (Refer Note 2).
Specified Automobiles (Electric / Hybrid / Hydrogen passenger CBU unregistered cars) under HS 8703 of CIF Value between £40,000 to £80,000 (inclusive)	110%	Phased reduction to 10% (quota restrictions)	<u>In-Quota</u> Y1 to Y5: Pre India-UK CETA tariffs to continue Y6: 50% (400 units) Y7: 40% (600 units) Y8: 30% (800 units) Y9: 20% (1,000 units) Y10 onwards: 10% (variable quota limits) <u>Out-Quota (i.e., no. of units exceeding In-Quota referred to above)</u> Pre India-UK CETA tariffs to continue
Specified Automobiles (Electric / Hybrid / Hydrogen passenger CBU unregistered cars) under HS 8703 of CIF Value >£80,000	110%	Phased reduction to 10% (quota restrictions)	<u>In-Quota</u> Y1 to Y5: Pre India-UK CETA tariffs to continue Y6: 40% (4000 units) Y7: 30% (6000 units) Y8: 20% (8000 units) Y9: 15% (10,000 units) Y10 onwards: 10% (variable quota limits) <u>Out-Quota (i.e., no. of units exceeding In-Quota referred to above)</u> Pre India-UK CETA tariffs to continue
Specified ICE goods unregistered vehicles under HS 8704 (CBU)	40%	Phased reduction to 8.8% (quota restrictions)	<u>In-Quota</u> Y1: 37.0% (2,500 units) Y2: 29.9% (2,750 units) Y3: 22.9% (3,000 units) Y4: 15.8% (3,250 units) Y5 onwards: 8.8% (3500 units) <u>Out-Quota (i.e., no. of units exceeding In-Quota referred to above)</u> Y1: 40.0% Y2: 39.6% Y3: 37.4% Y4: 35.2% Y5: 33.0% Y6: 30.8% Y7: 28.6% Y8: 26.4% Y9: 24.2%

Sector	Pre-India UK CETA (Basic Customs duty + AIDC/SWS as applicable)	Tariff upon enforcement	Year-wise tariff reduction (Basic Customs duty + AIDC/SWS as applicable)
			Y10 onwards: 22.0%
Specified motor vehicles under HSN 8702 for passenger transport with only compression-ignition internal combustion piston engine (diesel or semi-diesel) (CBU unregistered)	40%	Phased reduction to 20% in 10 years	Y1: 38% Y2: 36% Y3: 34% Y4: 32% Y5: 30% Y6: 28% Y7: 26% Y8: 24% Y9: 22% Y10: 20%

Note:

1. In-quota Tariff and Quota (as applicable) mentioned above are sourced from DGFT Public Notice No. 19/2026-27 dated 09 July 2026. Out-of-quota tariff for Specified Automobiles (ICE CBU) under HS 8703 and Specified ICE goods vehicles under HS 8704 has been notified by the Ministry of Finance vide Notification No. 29/2026-Customs dated 14 July 2026, effective from 15 July 2026; the rates indicated for Year 1 are as per this notification, while Year 2 onwards rates are yet to be notified and remain subject to future Ministry of Finance notifications. For Specified Automobiles (Electric/Hybrid/Hydrogen CBU) under HS 8703, no out-of-quota mechanism has been prescribed under the said notification, hence marked "Not available". In all other cases where no out-quota is mentioned, actual customs duty rates remain subject to Ministry of Finance notification.
2. Mid-sized engine vehicles mean vehicles with engine capacity of 1500 cc - 3000 cc petrol and 1500 cc - 2500 cc diesel. All vehicles which have engine capacity lower than Mid-sized vehicles have been considered as Small-sized vehicles.
3. BCD 20% and AIDC 20% will be levied in Y1 as per Notification No. 29/2026-Customs dated 14 July 2026.
4. For HSN 8711 covering motorcycles (CBU unregistered) while covered under the exemption notification but practically the benefit would not be available to the importers.
5. The above table is illustrative. For products not covered above we need to see India-UK CETA tariff notification.

TRQ allocation and application: Eligible importers (OEMs or authorized dealers/ channel partners) must apply online through the DGFT Import Management System based on a pre-purchase agreement with a UK-origin vehicle OEM. TRQs are administered on a calendar-year basis (1 January-31 December). Since the Agreement has entered into force during the calendar year, the TRQ quantities applicable for the first year will be available only on a proportionate basis for the remaining period of the year, computed by applying the ratio of the number of days remaining in the year to 365.

Allocation methodology: If total applications across all eligible applicants for a given TRQ are below the available quota, each applicant receives the full quantity requested and the unallocated balance remains available for subsequent application rounds. If total applications exceed the available quota, allocations are made on a pro-rata basis proportional to the quantity each eligible applicant has requested under its pre-purchase agreement.

TRQ administration and utilization: DGFT will issue electronic TRQ authorizations linked to the Indian Customs EDI System (ICES). No additional TRQ certificates will be granted once the annual quota is exhausted, and under-utilization of allotted quotas may be considered while allocating quotas in subsequent years.

Conditions and compliance: Imports under TRQ require a valid UK Certificate of Origin and compliance with all applicable customs, origin, and vehicle regulatory requirements (including Type Approval). The TRQ framework may be reviewed from 2028 onwards, and DGFT may modify the allocation mechanism or conditions in public interest.

Impact on automotive component sector in India

The Ministry of Finance Notification No. 29/2026-Customs dated 14 July 2026 gives effect to the EIF, E5, E7 and E10 staging commitments under Annex 2A and Appendix 2A-a of the India-UK CETA, with effect from the date of entry into force of the Agreement, i.e., 15 July 2026. The relevant staging categories are summarized below:

Staging category	Definition	Year 1 benefit (as of 15 July 2026)	Final outcome	Items referenced
EIF	Customs duty eliminated entirely on the date of entry into force . No staging period; 100% of the tariff is removed immediately.	100% of duty eliminated – goods enter at 0% customs duty from Day 1.	Duty-free from EIF (15 July 2026) onwards.	Safety glass (HSN 7007); tractor-bumper sub-line of HSN 8708.10

Staging category	Definition	Year 1 benefit (as of 15 July 2026)	Final outcome	Items referenced
E5	Customs duty eliminated in five equal annual installments beginning on the date of entry into force. Each installment removes 20% of the total duty.	20% of total tariff eliminated (1 of 5 equal steps). Remaining duty: 80% of base rate.	Duty-free from 1 January of Year 5.	Ignition/electrical parts (HSN 8511, HSN 854430); select engine/transmission parts
E7	Customs duty eliminated in 7 equal annual installments beginning on the date of entry into force. Each installment removes ~14.3% of the total duty.	~14.3% of total tariff eliminated (1 of 7 equal steps). Remaining duty: ~85.7% of base rate.	Duty-free from 1 January of Year 7.	Subset of HS 84073310 engines
E10	Customs duty eliminated in 10 equal annual installments beginning on the date of entry into force. Each installment removes 10% of the total duty.	10% of total tariff eliminated (1 of 10 equal steps). Remaining duty: 90% of base rate.	Duty-free from 1 January of Year 10.	Majority of HS 8708 (parts/accessories); HS 8706/8707 (chassis/bodies); most of HS 8407-8409 (engines/engine parts); HS 4011/4016 (tyres, rubber parts)

These are just few staging examples. For complete details, please refer to Annex 2A-a of India- UK CETA.

Some of the examples relevant for the auto component sector are discussed below:

HS Code	Product description	Pre-CETA BCD	Year 1 BCD (Notified)
7007.11/19, 7007.21/29	Safety glass/windcreens	15.0%	0.0%
8708.10 (tractor sub-line)	Bumpers for tractors	15.0%	0.0%
8511.10-8511.90	Spark plugs, ignition coils, magnetos, starters, generators and parts thereof	15.0%	12.0%
8544.30	Wiring harnesses	15.0%	12.0%
8483.10.92	Crankshafts for engines of heading 8408	15.0%	12.0%
8409.10, 8409.99.49/90	Engine parts covered under E5 staging	15.0%	12.0%
8407.32/33	Spark-ignition internal combustion engines (E7 sub-lines)	15.0%	12.9%
8708.30/40/50/70/80/91-99	Brakes, gearboxes, drive axles, road wheels, suspension systems, radiators, silencers, clutches, steering systems, airbags and other automotive parts	15.0%	13.6%
8706, 8707	Chassis and bodies	15.0%	13.6%
8407.31/34, 8409 (E10 sub-lines)	Engines and engine parts covered under E10 staging	15.0%	13.6%
4011.10/20	Radial tyres for passenger vehicles	15.0%	13.6%
4011.40/50/70/80/90,	Motorcycle tyres, industrial tyres, rubber seals,	10.0%	9.0%

HS Code	Product description	Pre-CETA BCD	Year 1 BCD (Notified)
4016.91-99	gaskets and washers		
8483.10.99, 8483.20/30/40/90	Other transmission and bearing components	7.5%	6.0%

Rules of Origin

Origin Qualification Framework

A good is considered originating if it satisfies one of the prescribed origin criteria under the Agreement. Broadly, originating status may be obtained where the good:

- is wholly obtained or produced in the territory of one or both Parties;
- is produced exclusively from originating materials or;
- is produced using non-originating materials but satisfies the applicable product-specific origin requirements and other applicable conditions.

Methods for Computation of Qualifying Value Content ('QVC'):

- Build-down method: based on the value of non-originating materials

$$\text{QVC} = \frac{\text{value of the good} - \text{value of non-originating materials} \times 100}{\text{Value of good}}$$

- Build-up method: based on the value of originating materials

$$\text{QVC} = \frac{\text{value of originating materials} \times 100}{\text{Value of good}}$$

where QVC is the qualifying value content of a good expressed as a percentage.

Accordingly, once the QVC percentage is computed using the above build-down or build-up formula, the resulting value is required to meet the prescribed Standard QVC threshold. In this regard, Standard QVC means that the good must have qualifying value content of not less than: (i) 40% of the ex-works price where the build-down method is applied; (ii) 45% of the free-on-board value where the build-down method is applied; or (iii) 35% of either the ex-works price or the free-on-board value where the build-up method is applied.

Further, certain automotive products are subject to specific origin thresholds. For example, motor cars and other motor vehicles of heading 8703 are required to satisfy a QVC of not less than 35%, whereas parts and accessories of motor vehicles of heading 8708 must satisfy change in CTH, or a QVC of not less than 50% of the ex-works price under the build-down method, 55% of the free-on-board value under the build-down method, or 45% of the ex-works price or free-on-board value under the build-up method.

Proof of Origin and related procedures

- **Issuance:** For imports into India, preferential tariff treatment is generally claimed on the basis of an Origin Declaration completed by the UK exporter or producer in the format prescribed under Annexure B to the Customs Tariff (Determination of Origin of Goods under India-UK CETA) Rules, 2026, notified vide Notification No. 62/2026-Customs (N.T.) dated 3 July 2026 (Rule 16).
- **Validity:** An Origin Declaration is valid for 12 months from the date of completion. Under Rule 16(3), a single Origin Declaration may also cover multiple shipments of identical goods within a period not exceeding 12 months from the date of completion, subject to the conditions and template format set out in the Rules.
- **Authentication Mechanism:** For imports into India, the authenticity of the Origin Declaration is validated through the

framework in Rule 17 read with Annexure-D. The UK customs authority collects the relevant exporter/producer information and shares it electronically with Indian Customs. The Indian importer must quote the Unique Reference Number (URN) in the Bill of Entry to claim preferential treatment.

- Where the prescribed authentication process is not completed, the importer may be denied the preferential claim or may be required to provide additional evidence.
- **Verification of origin:** A detailed verification framework has been prescribed, enabling customs authorities to seek information from importers, exporters, producers and competent authorities and, where necessary, Indian Customs may seek information through UK competent authorities. (Rule 26)
- **Post import claim and refund:** Importers who do not claim preferential tariff treatment at the time of importation may subsequently submit a claim and seek a refund of excess customs duties paid, provided the goods were eligible for preferential treatment at the time of importation. Such late claims may generally be made within one year from the date of importation (or a longer period if permitted under the importing Party's laws), subject to submission of the prescribed proof of origin and supporting documentation. (Rule 21)

Other important considerations

- **Non-Qualifying Operations:** Certain minimal operations, including repacking, relabeling, cleaning, sorting, simple mixing and simple assembly, do not by themselves confer originating status. (Rule 8)
- **Cumulation:** The Rules permit bilateral cumulation, allowing originating materials from India or the UK to retain their originating status when used in further production in the other Party, thereby facilitating compliance with origin requirements. (Rule 9)
- **Non-Alteration:** Goods transported through or stored in a third country must remain under customs control and should not undergo further production or processing (other than specified permitted activities) in order to retain originating status. (Rule 15)
- **Third-Country Invoicing:** A claim for preferential tariff treatment cannot be denied solely because the commercial invoice was issued in a non-Party or by a person other than the exporter or producer (Rule 16(5)).
- **Record Keeping:** Importers must maintain origin-related records for at least four years. Exporters and producers must retain supporting origin documentation and supplier records for at least five years. These records may be called for during verification proceedings (Rule 25).
- **Exemption from proof of origin requirements:** The Rules provide a simplified compliance mechanism for certain low-value imports into the UK. Preferential treatment may be granted for consignments with a customs value not exceeding GBP 1,000, subject to specified conditions and the absence of any concerns regarding the validity of the claim of origin. (Rule 19).

Certificate of Origin and Self-Certification

The India-UK CETA introduces a significant departure from the traditional certificate-based proof-of-origin model followed under several Indian trade agreements. For imports into India, the Agreement adopts a self-certification model, under which origin is certified directly by the UK exporter or producer through an Origin Declaration, rather than through a government-issued Certificate of Origin.

This shifts the responsibility for origin certification to the exporter/producer, requiring stronger internal processes for origin determination, supplier declarations, cost calculations and maintenance of supporting documentation.

The self-certification process is supported by a technology-enabled authentication mechanism administered through ICEGATE/CBIC systems for imports into India.

Evolution of Origin Certification

Traditional FTA Model	India-UK CETA Framework
Certificate of Origin issued by designated authority	Origin Declaration completed by exporter or producer
Paper-based certification process	Digital authentication framework
Certificate reference used for claiming benefit	Unique Reference Number ('URN') generated after authentication
Limited electronic verification	End-to-end electronic validation
Authority-led certification	Exporter-led certification with customs verification rights

Key elements of the Technology Enabled Authentication Framework

Element	Role in preferential claim process
Origin Declaration	Primary proof-of-origin document completed by exporter or producer
Authentication mechanism	Confirms authenticity of declaration before use
Unique Reference Number (URN)	Electronic identifier linked to authenticated declaration
Claim of benefit via Bill of Entry	URN must be quoted at the time of filing the Bill of Entry
Origin verification	Rights available with custom authorities to verify originating status

Certificate of Origin for Indian exports

For exports from India to the United Kingdom, the Agreement permits issuance of electronic Certificates of Origin ("eCoO") through the DGFT Trade Connect platform. The framework supports both self-declaration-based issuance and authorized agency-issued certification.

The Trade Connect platform incorporates QR-code enabled verification, digital signatures and online validation capabilities, reflecting a broader shift towards paperless trade administration. Indian exporters may choose the route most appropriate to their operational requirements and customer expectations.

Reference framework: Customs Tariff and Non-Tariff notifications

The operational implementation of the India-UK CETA should be read together with the relevant customs tariff, rules-of-origin and procedural instruments. In particular:

- Notification No. 62/2026-Customs (N.T.) dated 3 July 2026 notifies the Customs Tariff rules for determining originating status under the Agreement (*discussed earlier*), effective from 15 July 2026.
- DGFT Public Notice No. 19/2026-27 dated 9 July 2026 separately prescribes the TRQ allocation procedure for specified vehicle imports under the India-UK CETA.
- Circular No. 33/2026-Customs dated 13 July 2026 operationalizes the self-certified Origin Declaration framework, while the accompanying ICEGATE Advisory dated 13 July 2026 provides detailed procedural guidance regarding Origin Declaration submission, authentication through ICEGATE, generation and use of the Unique Reference Number (URN), treatment of amended declarations, warehoused goods, and importer compliance requirements.
- Notification No. 29/2026 dated 14 July 2026 notifies the Customs Tariff rates under the Agreement effective from 15 July 2026.

- Key additions supported by the ICEGATE advisory include:
 - UK exporter emailing the Origin Declaration to CBIC for authentication
 - Generation of a Unique Reference Number (URN) before filing the Bill of Entry
 - Mandatory quoting of the URN at import clearance
 - Rules for modified declarations and warehoused goods
 - Validation checks and rejection scenarios that could impact claim eligibility

Advance Rulings under India–UK CETA

Advance rulings are governed by the CETA Chapter on Customs Procedures and Trade Facilitation and implemented in India through the Customs Authority for Advance Rulings (CAAR) under Section 28H of the Customs Act, 1962. They cover tariff classification, origin determination, customs valuation, and other agreed matters. Importers, exporters, producers and other eligible persons may seek advance rulings on tariff classification, origin determination, customs valuation and other mutually agreed customs matters. Further, the India-UK CETA also establishes a time-bound advance ruling mechanism for tariff classification, origin and customs valuation matters, providing greater certainty to traders.

The advance ruling mechanism enhances certainty for importers and exporters by enabling them to obtain a binding position on classification, origin and valuation issues before importation, thereby reducing the risk of disputes and facilitating smoother customs clearance.

Open Implementation Questions

TRQ administration

For TRQ-covered goods, further clarity is needed on fractional allocations, tie-breaking in pro-rata allotments, treatment of unutilized quota, and whether quota can be reallocated across segments or carried forward. Businesses may also face timing gaps between contracting, DGFT allocation, shipment planning, customs clearance and origin documentation.

Operational support needed

The Government may consider issuing practical FAQs on origin declarations, URN generation, ICEGATE processes, warehoused goods, ex-bond clearances and error rectification.

Transition and helpdesk

A facilitative transition period would help address initial implementation issues such as inconsistency of rates between Agreement commitment and existing applicable rates, particularly for transactions contracted before procedures were fully notified. A clear escalation matrix for authentication failures and URN non-generation, with timelines and contact points, would also improve business confidence.

The India-UK CETA creates a meaningful preferential trade framework by combining tariff liberalization, product-specific origin rules, quota-based concessions and digitalized proof-of-origin procedures. However, as the benefit is not automatic, businesses will need to assess tariff category, origin qualification, proof-of-origin validity, TRQ availability and customs procedural compliance together before pricing or claiming any preferential benefit.

Further, while the legal architecture of the India-UK CETA is now largely in place, its commercial success will depend on efficient administration, timely resolution of implementation challenges and continued engagement between government and industry. Measures aimed at enhancing procedural certainty, technology resilience and transparency of quota and origin administration would go a long way in maximizing utilization of the Agreement and delivering the intended trade facilitation benefits.

What works	Potential challenges	Impact study
Immediate or phased duty reduction for qualifying goods	Benefit depends on product classification, staging category and origin compliance	To map HS classification to tariff schedule and PSR before contracting
Self-certification may reduce administrative dependency on issuing authorities	Importer exposure remains if origin claim is later found unsupported	Obtain origin workings, supplier declarations and exporter undertakings
Digital authentication and URN system may improve traceability	Authentication confirms genuineness of declaration, not final origin eligibility	Maintain post-clearance documentation for verification and audit
TRQs provide controlled access for sensitive sectors	Quota allocation, validity and exhaustion may limit practical benefit	Plan TRQ applications, procurement and shipments in parallel

Key takeaways on the automobile sector

The India-UK CETA reflects a calibrated approach towards trade liberalization in the automotive sector. While customs duties on completely built vehicles (CBUs) are being progressively reduced, access to the concessional regime is also subject to TRQ with specified volume limits. This suggests that the Agreement is designed not merely to facilitate imports, but also to encourage global manufacturers to establish a longer-term manufacturing and supply chain presence in India. At the same time, duty reductions for several automotive components and raw materials are relatively modest and, in certain cases, phased over a longer period. This measured liberalization appears to be aimed at providing domestic component manufacturers—particularly MSMEs, which constitute a significant portion of India's auto-component ecosystem—adequate time to scale operations, deepen localization, enhance competitiveness and integrate into global supply chains, while gradually preparing the industry for greater international competition.

From a compliance perspective, however, the operational framework may require careful navigation by businesses. The self-certification regime places significant reliance on foreign exporters for the accurate preparation and transmission of origin-related declarations, while importers remain dependent on successful authentication and procedural acceptance by the Indian authorities. Accordingly, the effectiveness of the Agreement will depend not only on the negotiated tariff benefits but also on the robustness, predictability and ease of administration of the underlying compliance framework.

Extended obligations under CAROTAR 2020

While the India-UK CETA introduces an Origin Declaration and URN-based authentication framework, Indian importers claiming preferential tariff treatment would also be required to evaluate their compliance obligations under the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 ("CAROTAR 2020"). Customs authorities retain the power to verify origin claims and seek information and support documentation relating to the originating status of imported goods. Importers should therefore ensure that adequate information, records and supporting documents are available before claiming preferential benefits under the Agreement.

Key actions for businesses include:

- Establish a documented governance framework and SOPs clearly defining the roles and responsibilities of procurement, supply chain, customs, finance, tax and business teams in relation to origin determination, supplier engagement, documentation maintenance and customs verification.
- Review and update supplier and procurement agreements to contractually require suppliers, exporters and producers to provide information necessary to substantiate origin claims, including product-specific rule analysis, bills of materials, value-content calculations, supplier declarations, supporting origin records and cooperation during customs verification proceedings.
- Develop a standard origin compliance file for each product or supplier, containing the Origin Declaration, URN, supplier declarations, bill of materials, cost sheets, origin calculations, transport documents, non-alteration evidence and information generally required for CAROTAR compliance, including information typically captured in Form I.
- Maintain verification readiness by establishing internal processes for preparation of Form I and responding to Customs.

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IGI Airport Hospitality District
Aerocity, New Delhi - 110 037
Tel: + 91 11 4731 8000

4th & 5th Floor, Plot No 2B
Tower 2, Sector 126
Gautam Budh Nagar
Noida - 201 304
Tel: + 91 120 671 7000

Hyderabad

THE SKYVIEW 10
18th Floor, "SOUTH LOBBY"
Survey No 83/1, Raidurgam
Hyderabad - 500 032
Tel: + 91 40 6736 2000

THE SKYVIEW 20
2nd Floor, 201 & 202
Right Wing, Survey No 83/1
Raidurgam, Hyderabad - 500 032
Tel: + 91 40 6736 2000

Jaipur

9th floor, Jewel of India
Horizon Tower, JLN Marg
Opp Jaipur Stock Exchange
Jaipur - 302018

Kochi

7th Floor, ABAD Nucleus
NH-49, Maradu PO
Kochi - 682 304
Tel: + 91 484 433 4000

Kolkata

22 Camac Street
3rd Floor, Block 'C'
Kolkata - 700 016
Tel: + 91 33 6615 3400

6th floor, Sector V,
Building Omega, Bengal Intelligent Park,
Salt Lake Electronics Complex, Bidhan
Nagar
Kolkata - 700 091
Tel: + 91 33 6615 3400

Mumbai

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (W), Mumbai - 400 028
Tel: + 91 22 6192 0000

5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E)
Mumbai - 400 063
Tel: + 91 22 6192 0000

3rd Floor, Unit No.301
Building No.1, Mindspace-Gigaplex
IT Park, MIDC, Plot No. IT-5
Airoli Knowledge Park
Airoli West, Navi Mumbai - 400 708
Tel: + 91 22 6192 0003

18th Floor, Altimus
Pandurang Budhkar Marg
Worli, Mumbai - 400 018
Tel: + 91 22 6192 0503

Pune

C-401, 4th Floor
Panchshil Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006
Tel: + 91 20 4912 6000

10th Floor, Smartworks
M-Agile, Pan Card Club Road
Baner, Pune - 411 045
Tel: + 91 20 4912 6800

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