

India-Oz trade deal from next week

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An interim trade deal between India and Australia will come into force from December 29, said the Central Board of Indirect Taxes and Customs (CBIC) in a notification.

The notification comes a month after Australia's Parliament ratified the Economic Cooperation and Trade Agreement (ECTA).

Under the deal, Canberra will provide India duty-free access to more than 6,300 sectors on the day the agreement comes into force. India, for its part, will do away with customs duties on 40 per cent of products immediately and on 70.3 per cent of tariff lines over 10 years.

Major labour-intensive sectors in India that will benefit from the elimination of 5



per cent customs duty include textiles and apparel, agricultural products, leather, furniture, jewellery, and pharmaceuticals.

ECTA will help in taking bilateral trade to \$50 billion in next five years and will also offer relief to Indian IT companies operating in Australia, as Canberra has agreed to amend its laws to stop taxing offshore

income of such companies.

Abhishek Jain, partner, indirect tax, KPMG in India, said that the determination of the origin of goods rules have been issued under the India-Australia FTA to be effective from December 29.

“It is important to note that each FTA has its own origin rules and nuances thereof, and given the CAROTAR provisions which were introduced by the Indian government in 2020, the onus is on Indian importer to ensure that the said rules are duly complied with. For companies looking to take advantage of the Indian-Australia FTA, a detailed perusal and compliance of the origin rules remains indispensable,” Jain said.

Strict rules of origin have been included in ECTA to prevent third-party goods routing through Australia. Product-specific Rules of Origin (PSRs) have been agreed for 807 lines.