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TRADE AND PRODUCT REGULATORY ALERT

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India notifies Rule of Origin framework
under the India-UK CETA

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India and UK had recently announced final implementation of its Comprehensive Economic and Trade Agreement ('CETA') from July 15, 2026. Pursuant to the same, the Government has issued *Notification No. 62/2026-Customs (N.T.)*, dated July 3, 2026, introducing the Customs Tariff (Determination of Origin of Goods under Comprehensive Economic and Trade Agreement between India and the United Kingdom) Rules, 2026 ('Rules'). These rules will officially enter into force on July 15, 2026.

This notification establishes the regulatory framework to operationalize preferential tariff treatments under the India-UK CETA, which was signed on July 24, 2025. It provides critical operational clarity regarding origin criteria, valuation methodologies, documentation requirements, and compliance verifications for bilateral trade.

The key highlights of the newly notified Rules of Origin are summarized below.

- **Origin determination criteria:**
 - Goods qualify as originating if:
 - o Wholly obtained or produced entirely from originating materials, as prescribed
 - o Produced entirely exclusively from originating materials
 - o Produced using non-originating materials that satisfy the Product Specific Rules ('PSR')
- **Bilateral cumulation:** Materials originating from either India or the UK that are incorporated into a product in the other territory will be treated as fully originating in the manufacturing territory
- **Tolerance levels (*de minimis*):** A product containing non-originating components that fail an applicable tariff classification shift still claims originating status if:
 - o For agricultural and livestock chapters (Chapters 1–3, 5, 6, 10, and 14), the non-originating materials do not exceed 7.5% of the total value or 7.5% of the total net weight of the good
 - o For processed foods and remaining agricultural goods (Chapters 4, 7–9, 11–13, and 15–24), the non-originating inputs do not exceed 12.5% of the total value or 12.5% of the total net weight
 - o For industrial and manufactured goods (Chapters 25–98), the value of all non-originating materials does not exceed 12.5% of the total value of the good
- **Exclusions via minimal operations:** The Rules also establish that a 'good' will automatically lose its claim to preferential origin if it only undergoes listed minimal or simple operations within the exporting country.
- **Value determination & Qualifying Value Content ('QVC')**
 - **Valuation options:** Value calculations can utilize either the ex-works price or the free-on-board (FOB) value.

- **QVC formulation:** Importers can calculate QVC through either the ‘build-down’ method (excluding non-originating materials) or the ‘build-up’ method (accumulating originating materials). Indirect materials shall neither be considered originating nor non-originating for calculating QVC.
- **Treatment of fungible goods, spare parts and accessories, packing material etc.:** The Rules include specific provisions for origin determination on these aspects –
 - o **Fungible goods and materials:** Treated as originating basis physical segregation or recognized inventory management methods utilized throughout the fiscal year
 - o **Accessories, spare parts or tools:** In cases where such material is not invoiced separately and quantity and value of such material, presented with the good is customary, the origin of such materials:
 - is disregarded for tariff classification shifts/ process changes/ wholly obtained goods
 - taken into account as originating or non-originating material for calculating QVC
 - o **Packaging and packing materials:** In cases where packaging/ packing material/ containers in which goods are packed for retail sale, if classified with the goods, then the origin of such material:
 - is disregarded for tariff classification shifts/ process changes/ wholly obtained goods
 - taken into account as originating or non-originating material for calculating QVC
 - o **Shipment packaging:** All packaging/ packing materials/ containers used solely for the shipment of a good will be disregarded in determining origin of goods
- **Key criterion under product specific rules of origin**
 - Wholly obtained or produced in the territory (WO)
 - Change in Tariff Classification (CTC) of all non-originating material – CC/CTH/CTSH
 - Standard QVC: Unless specified, any of the following prescribed QVC:
 - o 40% (ex-works under build down method)
 - o 45% (FOB under build down method)
 - o 35% (ex-works or FOB under build up method)
 - Processing criterion such as melt and pour for steel products, blending, chemical reaction etc.
 - A combination of above criterion like CTC and QVC, etc.
- **Proof of origin**
 - For Indian importers, an applicable proof of origin would be an origin declaration completed by the exporter or producer.
 - o The DGFT has already notified authorised agencies to issue Preferential Certificates of Origin (COO) under India-UK CETA *vide* **Public Notice No. 10/2026-27** dated **May 11, 2026**
 - o COO may also be obtained based on self-declaration by the exporter concerned, in addition to issuance of COO by an authorised agency as notified *vide* **Public Notice No. 9/2026-27** dated **May 11, 2026**
 - For UK importers, an applicable proof of origin may be:
 - o an origin declaration completed by importer/ exporter
 - o COO issued by an issuing authority
 - o importer’s knowledge that the good is originating
 - **Validity:** All proofs of origin remain valid for 12 months from the date of issue or completion or for such longer period as specified by the laws of importing country
 - **Curing of defects:** If a proof of origin is deemed *prima facie* illegible or defective on

its face by customs authorities, the importer would be granted a mandatory 30-day window from the date of communication to submit a rectified copy

- **Refunds and claims after importation:** Importers can make a late claim for preferential tariff treatment and obtain a refund of excess duties paid, provided the goods were eligible for the preference at the time of import. The importer must submit the prescribed documentation, within one year of importation or such longer period as permitted under the importing Party's laws
- **Authentication, verification, record-keeping etc.**
 - **Authentication process framework:** An electronic verification system will be developed where UK exporters must share their origin declaration electronically to the Indian Customs nodal address and the Indian importer. If the exporter's data does not match the pre-registered database shared by UK customs, the Indian importer will be denied preferential tariff treatment
 - **Verification protocols:** Verification processes would occur after the initial electronic authenticity checks. For declaration or Country of origin-based claims, customs must first request information from the local importer. If insufficient, they may issue a written request for assistance to the exporting nation's competent authority within 2 years of the claim date, subject to certain exceptions
 - **Record retention:** Importers must preserve all documentation and origin proofs for a minimum of 4 years from the date of importation or such longer period as prescribed. Exporters, producers, and Indian issuing authorities must maintain their records for a minimum of 5 years from the date of completion or issuance or such longer period as prescribed
- **Timeline for government audits**

The exporting authority has 30 days to acknowledge the request and 7 months to

deliver a conclusive verification report. In cases of suspected fraud or suppression of facts, requests can be initiated within 5 years of a claim, and the responding party has 12 months to reply

- **Temporary suspensions**

An importing customs authority may temporarily suspend preferential tariff treatments for future imports if an exporter or producer fails verification on at least two separate occasions

- **Data privacy framework**

The Rules also establish a data controller-to-data controller privacy framework to secure the exchange of data between Indian and UK customs authorities. The core operational requirements are as under:

- **Restricted data scope:** Exchange of personal data limited to unique reference numbers, registered email addresses of exporters and producers is covered under the privacy framework. Origin declaration is not covered within the scope
- **Purpose limitation:** Collected data can solely be utilized to authenticate trade origin and administer customs matters. Any further processing for unrelated matters requires explicit written consent from the exporting nation
- **Intimation of breach:** Authorities must implement robust safeguards to protect data. Any security incident or personal data breach must be reported to the counterparty country within 24 hours of discovery
- **Data subject rights:** Exporters and producers hold legal rights to access, verify, and rectify their data free of charge. Customs authorities are mandated to formally respond to these privacy requests within 1 month
- **Onward sharing constraints:** Data can only be shared with other domestic regulatory or administrative bodies if the recipient formally binds itself to identical privacy protections
- **System suspension risks:** Systemic privacy or security failures trigger a data flow

suspension after a consultation period, taking effect 20 days post-notification. Critical emergencies allow for immediate data suspension

- **Bilateral trade safe harbour:** To prevent regulatory privacy disputes from disrupting border clearance, importing customs are legally required to continue processing and accepting the origin declarations even if the electronic data system is suspended

The notification of the India-UK CETA Rules of Origin marks the final operational milestone before the launch of bilateral preferential trade. While the corresponding tariff rate notifications are still awaited, the core regulatory framework is now firmly established.

The critical takeaway for corporate supply chains is the highly specific electronic authentication process and data privacy requirements mandated for shipments arriving in India. Departing from a traditional reliance on physical certificates, Indian Customs will strictly evaluate authenticity through a digital database match and a mandatory electronic communication protocol.

Companies should therefore undertake a detailed product-wise origin assessment to identify eligible product lines, validate compliance to Origin Rules and quantify the expected customs duty savings. The teams should aim for error-free documentation at the time of initial filing itself to avoid logistical delays or any incremental costs or cash flow impact.

The interim period before full implementation serves as an essential window for businesses to review their supply chains and strategize expansion into the Indian market to fully leverage the India-UK CETA benefits.

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