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CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS

Indian customs for foreign companies: who imports and who pays

Indian customs for foreign companies runs through the importer in India, which files the entry, pays the duty and answers for the declared value and the origin claim. A foreign seller shapes those through its prices, royalties and origin records, and can seek its own advance ruling as an exporter to India (Customs Act, 1962, sections 46(4A), 28DA and 28E(c)(ii)).

THE IMPORTER IN Indian customs includes any owner, beneficial owner or person holding itself out as the importer, under section 2(26) of the Customs Act, 1962. That holds from importation until the goods are cleared for home consumption. The definition doesn't say the importer must be Indian. Whoever presents the bill of entry, the import declaration, answers for it.

KEY FACTS

LAW

Customs Act, 1962

TARIFF

Customs Tariff Act, 1975

VALUATION

Customs Valuation Rules, 2007

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Who is the importer in Indian customs?

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Section 46(4A) makes that importer ensure the entry is accurate and complete, its documents are valid, and the goods meet any restriction under any law in force. The Central Board of Indirect Taxes and Customs (CBIC) runs customs in India.

Who may hold the Importer-Exporter Code (IEC) is a question for the Directorate General of Foreign Trade (DGFT), covered in our guide to exporting to India. For the whole picture, see our guide to customs in India.

What does the importer answer for, and what does a foreign company control at Indian customs?

The importer in India answers for the bill of entry, the origin claim, the declared value and the duty, with interest when duty is paid late. A foreign seller controls what goes into them: the price and any royalty it charges, the origin information it gives the importer, and the documents behind the entry.

Who carries what at Indian customs (as of November 7, 2026)

Matter	Who answers for it	What the foreign seller controls	Source
The bill of entry	The importer who presents it	The documents it issues	Customs Act, section 46(4A)
The origin claim	The importer: the declaration, the information behind it and reasonable care	The origin information it gives; customs can ask its country to verify	Customs Act, section 28DA(1) and (2); CAROTAR, rule 6(1)
The customs value	The importer, who declares it	Its price, and any royalty or licence fee it charges as a condition of sale	Customs Valuation Rules, 2007, rule 3; rule 10(1)(c)
Duty and interest	The importer; duty short-paid and recovered later carries interest at 15% a year	None directly	Customs Act, section 47(2); section 28AA; Notification No. 33/2016-Customs (N.T.)

A certificate of origin from the exporting country doesn't by itself meet the importer's duty of reasonable care (section 28DA(2)). A later demand for short-paid duty goes to the person chargeable with it (section 28(1)). Our guides cover what follows: customs show cause notices and appeals and customs duty refunds and drawback.

Can you get a ruling before you ship?

A foreign company exporting to India can ask the Customs Authority for Advance Rulings (CAAR) for a written ruling itself. Section 28E(c)(ii) of the Customs Act counts anyone exporting goods to India as an applicant, and section 28H(5) lets a person resident in India whom you authorize represent you.

Section 28H(2) lets you ask about classification, whether an exemption notification applies, the principles for valuing the goods, and origin under the rules of origin. Since the Finance Act, 2026, section 28J(2) keeps a ruling valid for five years, or until the law or facts behind it change, whichever is earlier.

Section 28J(1) binds a ruling on the applicant who sought it, and on the customs officers in respect of that applicant. Our customs advance ruling guide covers the rest.

Will customs accept the price you charge your Indian subsidiary?

Customs accepts a related-party price in two cases, under rule 3(3) of the Customs Valuation Rules, 2007. First, the sale's circumstances show the relationship didn't influence the price. Second, the importer shows the price closely approximates a test value, such as identical goods sold to unrelated buyers in India at about that time.

A parent and its subsidiary are related under rule 2(2), which covers one controlling the other and anyone holding 5% or more of the voting shares of both. A royalty or licence fee you charge joins the customs value when it relates to the goods and the buyer must pay it as a condition of sale. It's added only if it isn't already in the price (rule 10(1)(c)).

Special Valuation Branches (SVBs) investigate related-party imports and royalty-type payments under Circular No. 5/2016-Customs. The officer reviewing a case asks whether the importer has an Advance Pricing Agreement with the income tax authorities. The officer also asks whether prices are settled at the end of a period by debit or credit notes (paragraph 5.1(ix) and (x)).

No rule or circular we read says whether a year-end transfer pricing adjustment changes the customs value. Our customs valuation guide covers how an SVB case runs.

What origin information will your Indian buyer need from you?

An Indian buyer claiming a trade agreement rate must have enough information on how your goods meet the origin rules, including value content and product rules. The buyer must take reasonable care over it (section 28DA(1)). CBIC repeated on September 24, 2026 that Form-I isn't filed with the bill of entry and isn't a precondition for the rate.

An officer may ask for the Form-I information only when the risk system stops the entry for origin checks. Even then, the officer must believe the origin rules aren't met (Circular No. 43/2026-Customs, paragraph 2.1.3). If the importer can't give enough, customs can send a verification request to your country's verification authority. The power is in the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020, known as CAROTAR (rule 6(1)).

Under the India-UK agreement, in force from July 15, 2026, the importer needn't obtain confidential information from the exporter or producer. Not giving it isn't by itself a ground to deny the claim (Circular No. 43/2026-Customs, paragraph 2.1.4). The UK exporter or producer's Origin Declaration is the proof of origin. It sends the declaration to CBIC and to the importer before the claim, and customs issues a reference number once it's authenticated (Circular No. 33/2026-Customs, paragraphs 2 and 5.1).

Our CAROTAR guide covers the whole claim. For the rates, see India-UK agreement rates from July 15, 2026 and India-New Zealand agreement rates from October 20, 2026.

Can your Indian subsidiary get trusted-trader status?

A foreign-owned company incorporated in India can apply for Authorized Economic Operator (AEO) status, CBIC's trusted-trader program. Circular No. 33/2016-Customs asks the applicant to be established in India, shown for example by a certificate from the Registrar of Companies. A foreign company with no Indian establishment can't apply for itself.

AEO status lowers the bank guarantees customs asks for: to half for tier T1, a quarter for T2 and none for T3. The cut doesn't apply to guarantees for the provisional release of seized goods, or to the security on a trade agreement claim (Circular No. 02/2022-Customs). Our guide to deferred payment of customs duty and AEO status covers the tiers. Setting up the Indian company itself is covered in investing in India as a foreign company.

Can an Indian subsidiary manufacture under bond?

An Indian subsidiary can manufacture in a customs bonded warehouse under section 65 of the Customs Act, with the Commissioner's permission and a private bonded warehouse licence under section 58. The unit pays import duty on the inputs when finished goods are cleared into India, and inputs in goods it exports pay no import duty.

The scheme runs under the Manufacture and Other Operations in Warehouse (No. 2) Regulations, 2019, known as MOOWR (regulation 4). Its joint application form asks the applicant

to declare that it's a registered or incorporated entity in India (Circular No. 34/2019-Customs, Annexure A). See our MOOWR guide.

Which other rules meet your goods at the border?

Customs enforces other laws at the border too: section 46(4A)(c) makes the importer ensure the goods meet any restriction or prohibition under any law in force. Import policy sits with DGFT, anti-dumping investigations with the Directorate General of Trade Remedies (DGTR), and product rules with their own regulators.

See India's import policy, quality control orders, BIS certification and the DGTR guide. Sector rules are on the CDSCO tracker, the MeitY tracker and India's digital laws for foreign companies.

How IndusDesk helps foreign companies with Indian customs

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Latest notices and insights

- India-UK CETA origin claims need no Form-I, CBIC clarifies (Notice, September 24, 2026)
- Form I not a precondition for India-UK CETA origin claims (Insight, September 24, 2026)
- Customs sets how UK origin declarations are authenticated under India-UK CETA (Notice, July 13, 2026)
- India-UK CETA origin declarations get a URN after authentication (Insight, July 13, 2026)

Frequently asked questions

Who pays the duty when an Indian customer imports our goods?

The Indian importer pays it under section 47(2) of the Customs Act: on the day it presents a self-assessed bill of entry, or within one day, excluding holidays, of the entry's return after an officer's assessment. Duty short-paid and recovered later under section 28 carries interest under section 28AA, at 15% a year since April 1, 2016 (Notification No. 33/2016-Customs (N.T.)).

Does an authenticated UK Origin Declaration prove our goods qualify?

No. Authentication shows that a genuine UK exporter or producer completed and sent the Origin Declaration, and Circular No. 33/2026-Customs says it doesn't by itself establish that the goods qualify (paragraph 4). Customs can still verify origin separately.

How long must our Indian importer keep the origin records we send?

At least five years from filing the bill of entry (CAROTAR, rule 4(b)). A verification request to the exporting country must go within five years of the claim, unless the agreement says otherwise (section 28DA(9)).

Sources

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- Customs Act, 1962, section 28DA: claim of preferential rate of duty, sub-sections (1), (2) and (9), CBIC's consolidated text
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- Manufacture and Other Operations in Warehouse (No. 2) Regulations, 2019, regulation 4, CBIC's consolidated text

- Circular No. 5/2016-Customs, February 9, 2016: investigation of related party import cases by the Special Valuation Branches, paragraphs 3, 3.5 and 5.1
- Circular No. 33/2016-Customs, July 22, 2016: revised guidelines for the Authorized Economic Operator programme, paragraph 3.1.5 and the tier benefits
- Circular No. 02/2022-Customs, January 19, 2022: section 28DA and CAROTAR prevail over the AEO bank guarantee relaxations, paragraph 2
- Circular No. 34/2019-Customs, October 1, 2019: manufacturing or other operations in bonded warehouses under section 65, Annexure A
- Notification No. 33/2016-Customs (N.T.), March 1, 2016: rate of interest under section 28AA
- Circular No. 33/2026-Customs, July 13, 2026: self-certification of Origin Declarations under the India-UK CETA, paragraphs 2, 4 and 5.1 (PDF, 1.4 MB)
- Circular No. 43/2026-Customs, September 24, 2026: application of section 28DA and CAROTAR, 2020, paragraphs 2.1.2 to 2.1.4 (PDF, 685 KB)

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