

How Free Trade Agreements Cut Your Duty

SourcingFrom

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How a trade agreement's schedule stages the duty on your tariff line, why the day your goods are entered decides the rate, and when it pays to wait for a start date. India is the worked example, with New Zealand's agreement started on 20 October 2026 and Australia's phase-down finished on 1 January 2026.

The Short Version

- Each tariff line has a staging category, and every cut after year 1 lands on 1 January, so a late-year start gives two cuts within weeks.
- The rate is fixed on the day goods are entered for home use, not the order, invoice or sailing date.
- Only an agreement in force can be claimed. Signed or concluded counts for nothing at the border.
- New Zealand removed every tariff on Indian-origin goods on 20 October 2026, and goods entered the day before cannot claim it back.
- Waiting for a cut pays only when the cut is big, the date is close and the goods are not seasonal.

A few days after New Zealand and India signed their trade agreement in April 2026, a post on [r/newzealand](#) told readers it meant "zero tariffs from Day 1" and "Customs clearance from India guaranteed within 48 hours" ([r/newzealand, May 2026](#)). Plenty of people read it. The agreement had been signed, not brought into force, and wouldn't be until 20 October 2026. Anyone who cleared Indian T-shirts in the months between paid the full 10%.



We'll come back to that thread at the end. This guide shows you how to read the schedule for your own tariff line, why the day your goods are entered decides the rate, and when it pays to wait. India is the worked example because two of its agreements sit at opposite ends of the cycle right now - New Zealand's started on 20 October 2026, and Australia's finished phasing down on 1 January 2026. The caveat - we haven't read every country's statute on the date rule, and where we haven't, we say so.

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Written by SourcingFrom*

1. How a Schedule Stages Your Tariff Line

A trade agreement doesn't set one rate. It attaches a schedule to every tariff line, and each line carries a staging category that says how fast the duty comes down. The India-New Zealand agreement's categories are

typical ([Annex 2A, Section B](#)). EIF means the duty goes on the day the agreement enters into force. E3, E5, E7 and E10 remove it in equal yearly cuts, free from 1 January of year 3, 5, 7 or 10. R categories reduce without removing, so "R5 to 50%" means five cuts to half the base rate and then it stops. EXC means the agreement does nothing for that line.

Here's the part most guides skip. "Year 1" runs from the start date to 31 December of that same year, and every later cut lands on 1 January ([Annex 2A, Section A](#)). So an agreement that starts late in the year gives a staged line two cuts within weeks. Australia's ECTA started on 29 December 2022, which made year 2 begin three days after year 1, and that's why its five-year lines were free from 1 January 2026 rather than late 2027 (DFAT outcomes page, Supported).

For any line that isn't day-one, read the schedule yourself. The rate you pay is in your own country's schedule, not your supplier's, so find your line, read the base rate and the category, and count the years from the start date. Watch the HS edition too. Schedules are frozen on the codes in use when they were negotiated, so a renumbered line may sit under its old number ([finding your HS code](#) explains why codes move).

2. Base Rate, Preferential Rate and the Rate You Actually Pay

The base rate in a schedule is the tariff that applied when the deal was negotiated, frozen in time. The preferential rate is what's left after the cuts. Your country's normal rate is a third number, and it can move on its own.

Two things follow. If the normal rate has since fallen below the phased rate, you pay the normal rate and the agreement doesn't matter for that line. And if the normal rate was already zero, the agreement adds nothing today except certainty that it stays zero. A reply in that same New Zealand thread got this exactly right - the FTA "effectively locks in zero where it already

exists and reduces the small number of 5% and a few higher ones to zero" ([r/newzealand, 2026](#)). The EFTA agreement did the same for Indian leather, footwear and jewellery, which were already duty free in Switzerland ([India's trade agreements](#)).

So is a phase-down worth waiting for? Do the arithmetic on your own line before you hold anything. Duty saved is the rate cut times the customs value (what counts as customs value is in [working out the real import duty](#)). On a US\$30,000 container, a one-point cut is US\$300, and a week of storage, a missed season or a supplier holding your deposit usually costs more than that. Waiting makes sense when the cut is big, the date is close and the goods aren't seasonal. Otherwise ship, pay, and move on.

3. The Date That Counts

The rate you pay is fixed on the day the goods are entered for home use in your country. Not the order date, not the invoice date and not the sailing date. The US charges "the rates in effect at time of entry" ([19 CFR 141.69](#)). Australia's Customs Act, section 132, fixes the rate when goods are first entered for home consumption ([legislation.gov.au](#), Supported). The UK says that for goods leaving a customs warehouse you "use the duty and exchange rates at the time of removal from the warehouse" ([HMRC](#)).

New Zealand brokers are telling importers the same about India. One wrote in September 2026 that "The agreement is not yet in force, which means the new rates cannot be claimed yet", and that goods "won't automatically qualify just because they were shipped from India" ([LinkedIn, NZ customs broker, 2026](#)). We haven't read the New Zealand statute on this point ourselves, and we'd rather say so than guess.

This is where bonded warehouses earn their fee. Goods that land early can sit in a customs warehouse without being entered. In the US they then pay "the rates in effect at the time withdrawal from warehouse for consumption

is made" ([19 CFR 141.69](#)), and in the UK you can claim a preference when you release them to free circulation ([HMRC](#)). A container that arrives ten days before a start date can wait in bond and be entered on the day. In Australia and New Zealand, ask your broker whether that works for your entry type before you count on it. And bonds cost money every week, LCL and courier parcels rarely get the option, so price the bond against the duty at stake.

4. Timing a Shipment Around a Start Date

Start with the status word, not the headline. "Concluded" and "signed" mean nothing at the border, and only "in force" lets you claim. The EU-India agreement was concluded in January 2026 and is still unsigned, so EU importers pay the normal rate or GSP today ([India to the EU](#)).

Then find your line's category. A day-one line makes the start date a cliff, and a staged line makes it a slope with steps on 1 January. Sort the proof of origin before the date, because the New Zealand agreement is explicit that the importer must hold a valid proof when the declaration is made ([Chapter 3, Article 3.21](#)). A date with no proof is worth nothing, and [certificate of origin](#) covers which paper each agreement accepts.

Then work backwards from the arrival window – transit, port dwell and customs processing. Indian lanes to Australasia are transhipped, and the hub decides whether you wait 30 days or much longer ([sea freight routes](#)). If the window straddles the date, you've got three choices – hold at origin, which is cheapest if the supplier agrees, slip the booking by one sailing, or land and bond. Whichever you pick, write the arrival window into the PO and the booking. A supplier who ships early to clear its own month-end can cost you the whole saving.

Ready to act

Need hands-on help?

Holding a consignment at origin for a week, bonding it at destination and getting the origin proof issued against the final invoice are three conversations with three different parties. SourcingSync runs them for you.

Talk to SourcingSync ↗

5. New Zealand From 20 October 2026, a Cliff Rather Than a Slope

New Zealand removed every tariff on Indian-origin goods on the day the agreement started (MFAT key outcomes). Its schedule has one category, EIF (Annex 2A, Section D). So a New Zealand importer has no slope to read, just a cliff on 20 October.

Take a 20-foot container of cotton T-shirts (6109.10) at New Zealand's normal rate of 10% (NZ Customs Working Tariff), and say the customs value is US\$30,000, an illustrative figure for the arithmetic. Entered on 19 October, it paid about US\$3,000 in duty. Entered on 20 October with a valid proof, it paid nothing. GST at 15% applies either way, and a GST-registered importer gets it back, so the duty is the whole difference.



Now the timing. Chennai to Auckland on a Port Klang relay takes 30 to 32 days (published carrier schedule, September 2026, Indicative), so a box that sailed around 18 to 20 September lands right on the date. If yours is in that window, ask the forwarder today whether to hold the entry, and check your supplier can produce the proof in time. India has 30 days after the start to name its issuing bodies ([Chapter 3, Article 3.18](#)), so the first weeks may be awkward. A proof can also be issued retrospectively within 12 months ([Article 3.15](#)), and then you claim the duty back through [duty refunds](#).

What the refund route can't do is reach back before the date. A post-importation claim only works where the goods "would have qualified for preferential tariff treatment when it was imported" ([Article 3.24](#)). Goods entered on 19 October didn't qualify for anything, so that duty is gone.

Keep the scale in proportion, too. The whole prize is about NZ\$15 million a year across every importer ([MFAT National Interest Analysis](#)). On apparel and

adult leather footwear the cut is 10 points, which is worth planning a sailing around. On terry towels the rate was already free.

6. Australia: The Phase-Down Is Over

ECTA started on 29 December 2022 with 98.3% of lines free at once, and every line reached 0% on 1 January 2026 ([India to Australia](#)). An Australian buyer in late 2026 has nothing left to wait for. The whole question has moved to proof. Australia accepts an agency-issued ECTA certificate only, and without it the general rate is charged by default. A late certificate can still recover the duty for up to four years, under refund items 10A and 10B ([Customs \(International Obligations\) Regulation 2015](#)).

Something we found that the phase-down story hides. Leaving out petroleum, India's share of Australia's imports was 1.93% in 2022 and 1.97% in 2025 (our analysis of ABS data). Four years of tariff cuts moved the needle by a rounding error. For most of these goods the tariff was never the thing holding trade back – biosecurity, freight and supplier capability were. And a 0% rate that nobody claims is a 0% rate that doesn't exist.

7. Where Each Agreement Stands as of 25 September 2026

The UK-India agreement has applied since 15 July 2026. Some lines stage over years, though none of the consumer lines we sampled, and the rate is fixed when the declaration is accepted, or on removal from a warehouse. UK small importers were slow to notice – "Oh wow, I didn't actually think it went live yet!" wrote one a month after it started ([r/smallbusinessuk, August 2026](#)). The US has no agreement with India and charges the normal rate plus 10% under Section 301, at the time of entry ([India to the US](#)). The EU agreement was concluded on 27 January 2026, is unsigned, and will stage

over three, five and seven years once it's in force. The UAE's CEPA has applied since 2022, and we haven't extracted its schedule.

Destination	Status with India	What it means for your duty
Australia	ECTA in force since 29 Dec 2022	Every line at 0% since 1 Jan 2026, with an agency certificate
New Zealand	In force from 20 Oct 2026	Every tariff removed on day one
United Kingdom	Applied since 15 Jul 2026	Some lines stage over years
United States	No agreement	Normal rate plus 10% under Section 301
European Union	Concluded 27 Jan 2026, unsigned	Normal rate or GSP today
UAE	CEPA applied since 2022	Schedule not extracted by us

Full detail per destination is on the pages for [Australia](#), [New Zealand](#), [the UK](#), [the US](#), [the EU](#) and [the UAE](#), and the status of every Indian agreement is on [India's trade agreements](#).

SourcingFrom Intelligence

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- 01 Signed isn't in force, and buyers mix them up.** New Zealand posts called the India deal "zero tariffs from Day 1" in May 2026, while brokers were warning the rates couldn't be claimed until 20 October. ([r/newzealand](#), [May 2026](#), [LinkedIn](#), [NZ customs broker](#), [Sep 2026](#).)
- 02 A late-year start gives two cuts in weeks.** "Year 1" ends on 31 December however late the agreement starts, which is why Australia's five-year lines went free on 1

January 2026, not late 2027. (*NZ-India Annex 2A, Section A, DFAT*.)

03 Four years of 0% barely moved Australia's imports from India. Excluding petroleum, India's share went from 1.93% in 2022 to 1.97% in 2025. (*ABS data, our analysis.*)

04 UK importers missed their own agreement. A month after UK-India went live, small importers were still asking whether it had started, and older threads still quote DCTS rates India has lost. (*r/smallbusinessuk, Aug 2026.*)

What we don't know yet

- New Zealand's statutory rule on the date that fixes the rate. Brokers say entry date, and we haven't read the Act.
- Whether Australian and New Zealand bonded warehouses let you claim the new rate on withdrawal for every entry type.
- The UAE CEPA staging for your line. We haven't extracted the schedule.

07 / Decide here

- 1** Check the agreement says "in force", not "signed" or "concluded".
- 2** Find your line's category and count the years from the start date.
- 3** Have the proof ready before entry, and bond only when the duty beats the storage.

8. What to Watch Out For

The invoice number is the paperwork trap of 2026. Since April, India requires the invoice number on a preferential certificate to match the shipping bill exactly (DGFT Notification No. 05/2026-27), and practitioners report preference denied over one mismatch. The notification is listed on dgft.gov.in, though we could only read the scanned PDF through a

reproduction. Ask for the certificate against the final invoice, never the proforma.

Proofs expire, too. Under the New Zealand agreement a proof is valid for 12 months ([Article 3.15](#)), so last year's certificate won't clear this year's order. And if your supplier ships on its own courier account, the courier is often the importer of record and any refund goes to them, which is the story at the heart of [working out the real import duty](#). Chinese yarn or cotton in an Indian garment can also fail the origin test even when the sewing was Indian, which is covered in [rules of origin](#).

Questions Buyers Ask

My goods left India before the start date. Do they get the new rate? ^

Only if they're entered for home use on or after the date. The sailing date doesn't matter. If they land early, a bonded warehouse can hold them until the day, where the rules and your broker allow it.

My country's normal rate is already zero on my line. Does the agreement help? v

The schedule says E5. When exactly is my line free? v

Can I claim the duty back on goods I entered before the agreement started? v

Is it worth holding a container for a two-point cut? v

9. Back to "Zero Tariffs From Day 1"

That New Zealand post wasn't entirely wrong. Day one does bring zero on every Indian line, and for apparel and leather footwear that's a real 10-point cut. It just got the day wrong by almost six months, and we found nothing that makes "guaranteed within 48 hours" a promise to any buyer. The replies underneath were quietly more useful - "removal of tariffs does not remove quality standards" ([r/newzealand, 2026](#)).

That's the habit this guide is trying to build. Read the status word, read your line, count from the right date, and have the paper ready before the goods land. Then run both arrival dates through the [landed cost calculator](#) and let the numbers tell you whether to wait. Related guides: [import duty](#), [certificate of origin](#), [duty refunds](#), [sea freight routes](#).