

How to Work Out the Real Import Duty on Any Product

SourcingFrom

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A seven-step method for getting from the rate on a tariff screen to the import duty you actually pay, for any product into any country. It covers the base rate, earning a preference, stacked duties, the valuation basis and the tax on top, with one Indian cotton T-shirt worked through into Australia, the US and the UK.

The Short Version

- The rate sits on your country's full national tariff line, so put that line on every purchase order.
- A preferential rate is never automatic: it needs the origin rule, the right proof and an invoice number that matches.
- Since 24 July 2026 most Indian goods into the US pay the base rate plus 10% under Section 301, or the Section 232 rate on covered goods.
- The US, Australia and New Zealand leave international freight out of the customs value, the UK, EU and UAE put it in.
- VAT or GST is not duty. A registered business gets the tax back, but not the duty.

In March 2024 a small buyer in Germany was pricing a first order of wooden furniture from India. He'd done his homework, or thought he had. He looked the goods up on the German customs tariff site and posted the answer on a logistics forum – "shipping charges and import duty (checked [here](#) it is 19%)" ([r/logistics, 2024](#)). He was careful, he used an official source, and he still had the wrong number. That 19% is German VAT, not duty.



We'll come back to him at the end, because his mistake is the most common one in landed costing - reading one line off a tariff screen and calling it "the duty". This guide is the method for getting from the rate on the tariff to the number you actually pay, in seven steps, for any product into any country, with one Indian cotton T-shirt worked through into Australia, the US and the UK. The method holds for years. The rates don't, and we've dated every one of them.

1. Start With a Code You Trust

Every duty rate hangs off a Harmonized System code, and the rate itself sits on your country's full national line, not on the six digits everyone shares. If you don't have that line yet, start with [how to find the HS code for your product](#) and come back.

One habit saves money later – write the full national line on the purchase order, next to the product description. Your broker then declares what you priced, and a courier can't quietly pick a different one.

2. Read the Base Rate, Then Distrust the Headlines

The base rate goes by different names. It's "general" in the US and Australia, "third country duty" in the UK, "normal tariff" in New Zealand and "MFN" almost everywhere in conversation. It's the rate for goods from any WTO member with no special deal, and it's your ceiling for everything except the stacked duties in step 4.

For cotton T-shirts the US general rate is 16.5% ([USITC, 6109.10.00](#)), the UK's third-country rate is 12% ([UK tariff, 6109100010](#)), and Australia's general rate is 5% ([DFAT FTA Portal](#)), all read on 25 September 2026.

The trap here is the stale rate. In mid-2026 you could still find exporters and buyers telling each other the US tariff on India was 50%, or 18%. One textile commentator noted in August that "most of the industry conversation right now is still about the 18% US tariff" ([LinkedIn, 2026](#)), months after that rate had ended. Read the tariff, not the headline.

3. Find the Preferential Rate, and Earn It

If your country has a trade agreement or a preference scheme with India, there's a second rate. It's often 0%. It's never automatic, and an Australian compliance adviser put it as plainly as anyone – "No certificate, no preference. Customs in Australia charges the standard rate by default" ([LinkedIn, 2026](#)).

Three things decide whether you get it. First, the origin rule for your product, because being shipped from India doesn't make a garment Indian, and our

[rules of origin guide](#) explains the tests. Second, the proof - some agreements want a certificate from a named body, some take the exporter's declaration, some take your own knowledge, and [proving origin](#) covers which is which. Third, the paper has to match. Since April 2026 India's preferential certificates must carry the same invoice number as the shipping bill ([DGFT Notification No. 05/2026-27](#)). The notification is listed on [dgft.gov.in](#), though the PDF is a scan we could only read through a reproduction. Ask for the certificate against the final invoice, not the proforma.

Here's something our own read of the UK tariff turned up. On the cotton T-shirt line, India can use two preferences at once - the Developing Countries Trading Scheme at 9.6% and the UK-India agreement at 0% from 15 July 2026 (UK tariff API, all 73 measures on 6109100010, read 25 September 2026). Same line, same origin, two rates, and the proof for one can't be used to claim the other. The buyer who tells the broker which one to claim gets the zero.

Missed it? Australia lets you claim the duty back for up to four years once you hold a valid certificate ([ABF ECTA guide](#)). Not every country is that forgiving, which is why [duty refunds](#) has its own page. How a preference steps down year by year is on [FTA duty phase-downs](#).

4. Add What Stacks on Top

This is the step most calculators skip, and in 2026 it's where the US number comes from.

The first layer is additional duty by origin. The US Section 301 action put an extra 10% on goods of Indian origin from 24 July 2026, on top of the base rate ([91 FR 47318](#) · [CBP CSMS #69326983](#)). The notice sets no end date and no exclusion process. Don't price on it lapsing.

The second is sector duty that replaces the base. US Section 232 covers steel, aluminium and copper and their derivatives, vehicles and parts, timber and furniture, semiconductors and pharmaceuticals ([CBP trade remedies](#)). Goods under 232 skip the 10% and pay the 232 rate instead ([91 FR 47318](#)). An Indian steel casting or a kitchen tool can count as a "derivative", so check the annexes before the PO. The rates by sector are on [India to the US](#).

The third is anti-dumping and countervailing duty, set per exporter rather than per product ([CBP AD/CVD](#)). Two forum replies on the same Indian quartz countertop thread put the combined figure at "only 1.02%" for an unreviewed supplier and "can easily exceed 300%" for others ([r/importexport, 2025](#)). Same slab, two suppliers, wildly different duty. Check the named exporter's cash-deposit rate before you sign.

The last is safeguards, product-wide and rarer, which appear when a surge in imports is injuring an industry ([WTO](#)). For the US in 2026 the rule of thumb is short - base rate plus 10, unless you're on a 232 list, with any AD/CVD on top either way.

5. Get the Valuation Basis Right

Duty is a percentage. Of what, though? This is where the same invoice gives different answers in different ports, and where a CIF quote from India can cost you duty you didn't owe.

The US, Australia and New Zealand value goods FOB-style, leaving international freight and insurance out. The US price paid is "exclusive of any charges, costs, or expenses incurred for transportation, insurance, and related services incident to the international shipment" ([19 CFR 152.102](#)). Australia's customs value "does not include freight and insurance costs" to Australia ([ABF fact sheet](#)), and New Zealand "uses the free-on-board (FOB) basis of valuation" ([NZ Customs valuation guide](#)).

The UK, the EU and the UAE go CIF-style and put freight in. In the UK "the costs of transport, insurance, loading or handling connected with delivering the goods to the UK border must be included" ([GOV.UK Method 1](#)). The EU adds transport "up to the point of entry" ([TAXUD valuation fiche](#)), and the UAE charges its 5% on "the value CIF" ([UAE Government portal](#)).

Valuation basis	Destinations	International freight and insurance
FOB-style	US, Australia, New Zealand	Left out of the customs value
CIF-style	UK, EU, UAE	Included in the customs value

Two details bite. Inland freight inside India, from the factory to the port, is part of the value even under the FOB-style rules, so "FOB" in customs means the value at the place of export, not whatever the supplier called FOB. And if your supplier bundles goods, freight and insurance into one CIF figure with no split, Australia and New Zealand will simply value the lot. Ask for the breakdown on every invoice. [FOB](#) and [CIF](#) explain the terms themselves.

One more, because it comes up more than you'd hope. A US buyer wrote in 2025 that "my supplier suggested I could pay 40 % in cash and 60 % by invoice to lower tariff costs" ([r/importexport, 2025](#)). A reply called it what it is - "textbook customs fraud". It lands on your declaration, not the supplier's. The true price goes on the invoice, always.

6. Add the Tax, and Know What It Sits On

On most consumer goods, duty is the smaller line. The tax on top is bigger, and it's worked out on a base that already includes the duty.



Australia charges GST at 10% on the customs value plus duty plus international transport and insurance ([ABF fact sheet](#)). New Zealand charges GST at 15% on the goods plus duty plus freight and insurance ([NZ Customs](#)). The UK charges import VAT at 20% on the goods, transport and duty ([GOV.UK](#)). The EU charges VAT at each member state's rate, and the UAE 5% ([UAE portal](#)). The US has no federal VAT, so the duty is the tax.

Don't mix the two up, which is exactly what our German furniture buyer did. The 19% he found is the VAT line, and a VAT-registered business gets it back. The duty is a separate line on the same screen, and it doesn't come back.

If you're registered for VAT or GST at home, most of this tax comes back or never leaves your account, so the real question is cash flow. UK importers report couriers charging import VAT and a handling fee at the door on Indian parcels even when they've set up postponed VAT accounting ([r/smallbusinessuk, 2024](#)). Give the courier your EORI and your instruction before the parcel ships, or use your own broker.

7. One Indian T-Shirt, Three Borders

Take 1,000 cotton T-shirts, HS 6109.10, from an Indian exporter. We price them at what India actually recorded as its average FOB price per piece to each market in FY2025–26 – US\$2.03 to Australia, US\$2.43 to the US and US\$2.71 to the UK (our arithmetic on DoC TradeStat, official data). Sea freight and insurance for the lot we set at an illustrative US\$600, only to show where it enters the maths. It isn't a quote, so check the current price with your forwarder.

Line	Australia	United States	United Kingdom
Customs value	US\$2,030 (freight outside)	US\$2,430 (freight outside)	US\$3,310 (freight inside)
Base duty	5% = US\$101.50	16.5% = US\$400.95	12% = US\$397.20
With the preference	0% with an ECTA certificate	No preference	0% with UK-India proof of origin
Stacked duty	None	10% Section 301 = US\$243.00	None
Duty you pay	US\$0 with the certificate	US\$643.95 (26.5% of value)	US\$0 with proof
Tax on top	GST 10% of 2,630 = US\$263.00	None federal	VAT 20% of 3,310 = US\$662.00, recoverable if registered

The same shirt pays 26.5% duty in the US and nothing in Australia or the UK, and in two of the three the difference is paperwork. Freight sits inside the UK base and outside the other two, so a CIF invoice with no split would have pushed the Australian and US bases up by US\$600 for nothing. Without the ECTA certificate the Australian duty is small, but the GST base grows with it and the four-year refund window makes it worth chasing anyway.

Border charges sit outside this table – Australia's import processing and biosecurity charges, US user fees and a bond, broker fees everywhere. They're on the country pages for [Australia](#), [the US](#) and [the UK](#). Run your own numbers in the [landed cost calculator](#).

8. What's Current, as of 25 September 2026

This is the part that moves, and we update it in place.

Australia. ECTA gives 0% on every line for Indian goods since 1 January 2026, with a certificate of origin only, and refunds for up to four years ([ABF guide](#)). We found no stacked duties on Indian goods.

New Zealand. The normal tariff ran to 19 October 2026, up to 10% on apparel and leather footwear. From 20 October the NZ-India FTA gives 0%, with a certificate or a status-holder declaration ([MFAT](#)). A container landing on the 19th paid, one landing on the 20th did not.

United States. Base rate plus Section 301 at 10% since 24 July 2026 (HTSUS 9903.05.44), or the 232 rate on covered goods, plus AD/CVD where an order exists. De minimis is suspended for every origin ([91 FR 37789](#)), and goods over US\$250 with duty in chapter 99 subchapters III and IV need formal entry ([19 CFR 143.21](#)). Small parcels are covered in [low-value imports](#).

United Kingdom. UK-India 0% from 15 July 2026 on the lines we read, claimed on the exporter's declaration, a certificate or your own knowledge. DCTS is still listed on the same lines for chapters India hasn't graduated from (UK tariff API, read 25 September 2026).

European Union. No FTA in force. GSP with a REX statement where India keeps it, see [India to the EU](#). A temporary flat €3 per item applies to consignments up to €150 from 1 July 2026 to 1 July 2028 ([TAXUD](#)).

UAE. 5% on most goods on a CIF value, with the CEPA rate on a DGFT certificate and claims checked after clearance, see [India to the UAE](#).

SourcingFrom Intelligence

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- 01 **Buyers read VAT as duty.** EU buyers of Indian wooden furniture quote "19% import duty" when 19% is German VAT, recoverable for a registered business, and the same thread flags timber permits as the cost they hadn't priced. ([r/logistics, 2024.](#))
- 02 **One UK line, two Indian preferences.** Cotton T-shirts from India show DCTS at 9.6% and the UK-India agreement at 0% on the same commodity code, and the proof isn't interchangeable. Name the one you're claiming. (*UK Trade Tariff API, 73 measures on 6109100010, our read, 25 Sep 2026.*)
- 03 **Same product, duty set by the exporter.** Forum estimates for US AD/CVD on Indian quartz ran from about 1% to over 300% depending on the named exporter. Check the exporter's own rate before the PO. ([r/importexport, 2025.](#))
- 04 **What India actually charges per shirt, by market.** India's recorded FOB price per cotton T-shirt in FY2025-26 was US\$2.03 to Australia, US\$2.43 to the US and US\$2.71 to the UK, so the same product clears on three different bases before any rate applies. (*DoC TradeStat, our arithmetic.*)

What we don't know yet

- The UAE's post-clearance CEPA review rates. We couldn't reach the official pages.

08 / Decide here

- 1 Put the full national tariff line on every PO line.

- 2 Decide which preference you're claiming and ask for its proof against the final invoice.
- 3 Clear in your own name, with the freight split out on the invoice.

Ready to act

Need hands-on help?

A broker in your name, origin proof issued against the right invoice, and a customs value declared with the freight split out is execution, not knowledge. SourcingSync does it.

Talk to SourcingSync ↗

Questions Buyers Ask

Is the tariff rate the duty I'll pay? ^

Only if there's no preference you qualify for and nothing stacked on top. In the US in 2026 it's the tariff rate plus 10 for most Indian goods. In Australia and the UK it's usually zero with the right paper and the tariff rate without it.

Do I pay duty on the freight? v

Is VAT charged on the duty? v

Can I claim a preference after the goods have cleared? v

9. Where the Furniture Buyer Ended Up

Run our German buyer through the seven steps and his 19% falls apart. The VAT was real, but as a registered business he'd get it back, so it was a cash-flow line, not a cost. The duty was a different number on the national line for

his exact furniture, with no EU trade agreement to cut it and GSP only where India keeps it for that chapter. And the reply he got pointed at the cost he hadn't priced at all - "environmental restrictions that require special handling/import permits/preparation, such as wood products" ([r/logistics, 2024](#)). For wood that's the EU's deforestation and timber rules, covered in [timber legality](#).

So the one tariff line he read was the one that mattered least. If you remember one thing from this guide, make it this - the real import duty is the national line, plus what stacks on it, on the right valuation base, declared in your name. That last part has its own story. A US seller whose supplier's courier cleared the goods found the tariff refunds going to the courier, and that case is told in full in [duty refunds](#).

Related guides: [FTA duty phase-downs](#), [certificate of origin](#), [duty refunds](#), [low-value imports](#).