



Global Trade Advisory Alert Delivering Clarity

Tariff increase – Trade between India and United States

Issue no: IDT/02/2018

In this issue:

Increased tariff by United States
and India's reaction to the same
What lies ahead for the trade
partners

Deloitte tax@hand App

Do you know about Dbriefs?

Increased tariff by United States and India's reaction to the same

United States increases tariff rate on aluminum and steel products of Indian origin

Effective 23 March 2018, vide Presidential Proclamation Nos.9704 and 9705 (dated 8 March 2018), the United States imposed special duties on aluminum and steel products of Indian origin classifiable under Chapter 72 and 76 of Customs tariff.

India's response

Increase in tariff rate of duty on specific products – 2 April 2018

In response to the above move by the United States, India initiated the process of increase in customs tariff rates for specific products. Starting in the month of April 2018, India has increased the tariff rates on parts for manufacture of mobile phones falling under Chapter 85, whey protein and modified whey protein falling under Chapter 4, protein concentrates and textured protein substances and soya protein falling under Chapter 21, wheat falling under Chapter 10 and refined and edible oils falling under Chapter 15.

Notification at WTO's Council of Trade – 18 May 2018

Invoking terms of Article 12.5 of the Agreement on Safeguards, India notified the Council of Trade in Goods at WTO that it proposes suspension of concessions and other obligations referred to in Article 8.2 of the Agreement on Safeguards on selected products, when imported into India from the United States.

Proposed suspension of concessions would result in an increase in tariffs on selected products falling under Chapter 7, 8, 9, 10, 15, 18, 87 when imported from the United States.

Duty rate increase - Effective 4 August 2018 on imports from United States

India issued Notification No. 48/2018 - Customs and Notification No. 49/2018 - Customs, dated 20 June 2018. The table below summarizes the proposed changes in tariff rate of duty on specific products rates and the impact on imports into India from United States w.e.f 4 August 2018:

Sl. No.	HS Codes	Product Description	Import duty (20 June to 3 August, 2018)	Import duty on Goods of US origin (4 August, 2018)
1	05119911	Artemia	5%	15%
2	07132020	Bengal gram (desi chana)	60%	70%
3	07132090	Others	60%	70%
4	07134000	Lentils	30%	40%
5	08021100	Almonds - In shell	Rs. 35/Kg	Rs. 42/Kg
6	08021200	Almonds - Shelled	Rs. 100/Kg	Rs. 120/Kg
7	08023100	Walnuts - In shell	100%	120%
8	08081000	Apples	50%	75%
9	28092010	Phosphoric acid	5%	20%
10	28100020	Boric acid	7.50%	17.50%
11	38220090	Diagnostic or laboratory reagents	10%	20%
12	38249990	Binders for foundry moulds	7.50%	17.50%

In addition to the above, specified products falling under Chapter 72 and 73 of the Customs tariff will be subject to increased custom duty when imported from the United States, in the range of 20% to 27.50%.

What lies ahead for the trade partners

In its communication to WTO, India proposed tariff rate increase on specified products falling under Chapter 7, 8, 9, 10, 15, 18, 87 of HSN. However, India subsequently issued notifications to propose the increase in tariff rates of products falling under HS Codes of Chapter 7, 8, 28, 38, 72 & 73 when imported from the United States, from 4 August 2018. It is evident that the increase in tariff rates has gone beyond the initial list of items covered in the Annexure I to the representation made to the Council of Trade at WTO, by India on 18 May 2018.

Progressive roll out of increase in tariff rates could also be an indication that more tariff related measures can be expected in the coming days. As limited information is available in public domain to confirm or deny the possibility of any further expansion in product list covered by the increase in tariff, this is a space to watch out, especially in the larger context of the trade tensions between United States and China and the consequence on global trade.

Deloitte tax@hand App

Current. Comprehensive. Convenient.

Download [tax@hand](#) app, a secure digital platform for timely global and regional news, perspectives, and resources. Do visit the tax@hand webpage [here](#).



Deloitte.

IOS

 [Download from App Store](#)

Android

 [Download from Google Play](#)

Website

 [Add to favorites](#)

Do you know about Dbriefs?

Dbriefs are live webcasts that give valuable insights on important developments affecting your business. To register, visit the [Dbriefs](#) page.

 [Download the report](#)





Deloitte makes an impact that matters

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This material and the information contained herein prepared by Deloitte Touche Tohmatsu India LLP (DTTI LLP) is intended to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). This material contains information sourced from third party sites (external sites).

DTTI LLP is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such external sites. None of DTTI LLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this material, rendering professional advice or services. This information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this material.

©2018 Deloitte Touche Tohmatsu India LLP. Member of Deloitte Touche Tohmatsu Limited