



Tax alert: India–New Zealand Ink Landmark FTA – Unlocking new trade opportunities

28 April 2026

On 27 April 2026, India and New Zealand signed the India–New Zealand Free Trade Agreement (IN–NZ FTA), marking a key milestone in India’s engagement with developed economies. The agreement provides 100% duty-free access for Indian exports to New Zealand and covers areas such as trade-in-goods, services, investment, rules of origin, and trade facilitation. The detailed text of the agreement has been released and the key features and implications outlined.

In a nutshell



India and New Zealand signed the IN–NZ FTA on 27 April 2026, which is the fastest concluded FTA with a developed country (within 9 months of launch).



Detailed text of the FTA has been released, outlining framework covering Trade-in-Goods, Services, Rules of Origin, Customs and Trade Facilitation, and Regulatory cooperation.



The FTA grants 100% duty-free access to Indian exports in the New Zealand market across all tariff lines.



India has adopted calibrated tariff liberalization (70% of tariff lines), with sensitive sectors excluded and phased reductions/TRQs for select products.



The agreement also covers services access, mobility pathways, and a US\$ 20 billion investment commitment from New Zealand.



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Signing of India–NZ FTA:

On 27 April 2026, India and New Zealand signed the India–New Zealand Free Trade Agreement (IN–NZ FTA), marking a significant step in India’s expanding trade engagement with developed economies. The detailed text of the agreement has since been placed in the public domain, providing comprehensive view of its structure and scope. Structured across 20 chapters, the FTA covers Trade-in-Goods, Rules of Origin, Customs and Trade Facilitation, Trade-in-Services, Investment, Sanitary and Phytosanitary Measures, Technical Barriers to Trade, Intellectual Property, and Economic Cooperation and Technical Assistance, reflecting a modern and forward-looking framework.

The agreement provides for 100% duty-free access for Indian exports to the New Zealand market, while India has adopted a calibrated approach to tariff liberalization, offering market access across a majority of tariff lines with appropriate exclusions for sensitive sectors.

The key modalities of the agreement are detailed below:

Market Access of Goods

For India exporters

- New Zealand has granted **100% duty-free access across all tariff lines (8,284 lines)** to exports from India, with tariffs (earlier up to 10%) eliminated upon entry into force.
- Key sectors of benefit include the following:

Category of Tariff Treatment	Share of tariff lines	Key sectors
Immediate Elimination - Full duty elimination from entry into force	100% duty-free access across all tariff lines	Textiles and Apparel
		Leather and Footwear
		Engineering Goods
		Pharmaceuticals and Medical Devices
		Agriculture and Allied Products
		Chemicals
		Plastics and Rubber
		Electronics
Marine Products		

- The FTA ensures **immediate zero-duty access across all sectors**, significantly enhancing price competitiveness and market access for Indian exporters.

For New Zealand exporters

- India has adopted a **balanced and calibrated approach**, offering market access on 70% of tariff lines, while **30% of tariff lines remain excluded** to safeguard sensitive sectors.
- Tariff structure:

Category of Tariff Treatment	Share of tariff lines	Key products
Immediate Elimination - Full duty elimination from entry into force	30.00%	Vinyl polymers, latex, SBR, rubber tubes, rubber belt, raw leather, jackets & jerseys of leather, wood, registers, boilers & its parts, liquid elevators, solar water heater, earth moving equipment, wind turbines, transformers, parts of batteries, watches, furniture.

Phased Elimination - Duty elimination over 3, 5, 7 and 10 years	35.60%	Cellular rubber articles, rubber seals, travel bags, other leather apparels, overcoats, jackets, blazers, automotive glasses, fasteners, steel chain, helical springs, steel utensils, locks, mountings & fittings, aircraft engine, turbo charger, ACs, petroleum oils, valve, bearings, electric motors, batteries other than lithium ion, hair dryer, ovens, electric cables, bicycle, photographic camera, massage apparatus.
Tariff Reductions - Partial duty reduction (no full elimination)	4.37%	Specified pharmaceutical drugs, polymers, aluminum, iron and steel articles, wine
Tariff Rate Quotas (TRQs) - Limited access with safeguards	0.06%	Mānuka honey, apples, kiwi fruit, albumins (including milk albumin)
Exclusion - No tariff concessions	29.97%	Tires, toys, games, leaf springs, nuclear reactors, automotive engines, parts of engine, hydraulic cylinder, oil pumps, refrigerating compressor, sugar, artificial honey, heat exchanger, catalytic converter, industrial robots, transmission shafts, battery charger, lithium ion, speakers, digital camera, display, Vehicle (CBUs, SKD, CKD), vehicle & its parts, MRI machine, X-ray machine, sports equipment

- Additionally, **wine imports** from New Zealand are subject to a **value-based tariff structure**, with duties (base rate 150%) **phased down over 10 years for higher CIF value segments (≥ USD 5)**.
- **TRQ-based access** for select agricultural products is supported by safeguards such as minimum import prices and seasonal windows, aligning imports with domestic production cycles.
- Sensitive sectors protected, such as:
 - Dairy (milk, cream, whey, yoghurt, cheese, butter)
 - Animal products (other than sheep meat)
 - Agricultural products (onions, chana, peas, corn, almonds, etc.)
 - Sugar and artificial honey
 - Vegetable fats and oils
 - Arms and ammunition

Rules of Origin

- For a product to qualify for duty benefits, it must be recognized as originating in the territory of the Party (i.e., India or New Zealand). A product shall be considered as originating in a Party if it meets one of the following criteria:
 - It is wholly obtained or wholly produced in that Party (for example, products derived from live animals born and raised in the respective country, products based on plants grown and harvested in the respective country, waste or scrap derived from production etc.); or
 - The product is manufactured in that Party using non-originating materials, provided it meets the

applicable product specific rules (PSR), such as:

- Minimum qualifying value content; and/or
 - Change in Tariff Classification (CTC); and/or
 - Any other requirement as specified
- The product shall comply with product specific rules when it meets the Qualifying Value Content criteria as below:
 - Build-Down Formula: based on the value of **non-originating materials**:
QVC = FOB Value - Value of Non-Originating materials/ FOB Value X 100
 - Build-up Formula: based on the value of **originating materials**:
QVC = Value of Originating materials/ FOB Value X 100
 - For the purpose of determining the origin, the India – NZ FTA also contains provisions regarding:
 - De Minimis
 - Minimal Operations and Processes
 - Accessories, spare parts, tools and its informational or instructional material
 - Packaging materials and containers for retail sale
 - Neutral/Indirect elements.
 - Fungible Goods
 - Applicability of third country invoicing
 - A claim for preferential tariff treatment must be supported by proof of origin in the form of a Certificate of Origin or declaration by exporter or producer of the product.

Customs and Trade Facilitation:

- The Chapter provides for enhanced Customs cooperation and mutual administrative assistance, exchange of information, risk management frameworks, and maintenance of Authorized Economic Operator (AEO) programmes. It mandates simplified procedures, expedited release of goods, advance rulings (on classification, origin and other matters), transparency through publication of customs laws and procedures, and adherence to WTO Customs Valuation principles.
- The Chapter also specified that simplified Customs procedures for efficient release of goods shall be adopted and that goods are to be released no later than 48 Hours, provided all regulatory requirements have been met.
- A dedicated Committee on Customs and Trade Facilitation is envisaged to oversee implementation, foster cooperation, and address operational issues between the Parties.

Trade in Service

- The Services Chapter of the India–New Zealand FTA establishes a comprehensive framework for liberalisation of services trade, covering cross-border supply, commercial presence, and movement of natural persons.
- New Zealand has undertaken commitments across 118 services sectors, with MFN coverage in 139 sub-sectors, covering key Indian interests such as IT/ITeS, professional, education, financial, tourism, telecommunication services and other business services. These are complemented by clear mobility pathways for skilled professionals, including contractual service suppliers and independent professionals, and enhanced student and post-study work opportunities. India has also scheduled reciprocal commitments aligned with its regulatory priorities. The Schedules of Specific Commitments will define the

precise, binding sector-wise obligations.

Technical Barriers to Trade

- The Chapter applies to standards, technical regulations, and conformity assessment procedures of central government bodies affecting trade in goods and reaffirms the Parties' rights and obligations under the WTO Agreement on Technical Barriers to Trade (TBT Agreement). It seeks to ensure that such measures do not create unnecessary obstacles to trade while facilitating alignment and mutual understanding between the Parties.
- The Chapter promotes the use of relevant international standards, encourages regulatory co-operation, and provides that where international standards are not adopted, Parties may be required to explain the reasons. It also provides for acceptance of equivalent technical regulations, where appropriate.
- The Chapter enhances co-operation on conformity assessment, encouraging acceptance of test results from the other Party, use of accreditation frameworks, mutual recognition arrangements, and supplier's declaration of conformity to reduce duplication and compliance costs.

Dispute Settlement

- This Chapter establishes a comprehensive, rules-based dispute settlement framework for resolving disputes between the Parties concerning the interpretation or application of the Agreement. It provides consultations as a first step, followed by recourse to alternative mechanisms such as good offices, conciliation, or mediation, and where necessary, the establishment of an independent three-member panel to adjudicate disputes.
- The framework incorporates defined timelines, transparency requirements, and binding panel reports, along with provisions for compliance review, compensation, and suspension of concessions in case of non-compliance. It also includes flexibility such as choice of forum (including WTO) and promotes mutually agreed solutions, thereby ensuring predictability, enforceability, and effective implementation of the Agreement.

Concluding remarks

India and New Zealand have concluded the FTA in a relatively short span, and the agreement reflects a balanced and forward-looking partnership between the two economies. With the detailed text now available, the framework appears comprehensive, covering not only tariff liberalization but also services, mobility, regulatory cooperation, and investment, thereby laying the foundation for deeper economic integration.

The grant of 100% duty-free access to Indian exports is expected to provide a strong boost to exporters and open new avenues in the New Zealand market. At the same time, calibrated market access to New Zealand products in India may introduce competitive pressures in certain sectors, particularly agriculture and select industries. Accordingly, businesses should proactively assess the implications of the agreement, re-evaluate supply chains, and align their strategies to effectively leverage emerging opportunities while managing potential risks.

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