Importing Cars: Process and Import Duty on Cars in India

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Key Highlights

- All imported vehicles must have right-hand steering and meet Indian emissions and safety regulations.
- Importing a car into India is expensive, with customs charges ranging from 60% to 100% of the car's base price, including other taxes and fees.
- An IEC (Importer – Exporter Code) is required for anyone importing an automobile into India, and it may be obtained at the DGFT (Directorate General of Foreign Trade) website.
- Used cars imported in India must be less than three years old and have been in your control for at least a year.

Importing cars in India can be a thrilling and challenging procedure. With global trade and an increased demand for luxury and specialist cars, more people are considering importing cars. However, stringent restrictions, heavy responsibilities, and complicated documents can make the process difficult.

Rules to Import Cars in India

Before you begin the process of importing a car, you need to be informed of the laws established by the Indian government. The requirements are fairly stringent, and failure to comply can result in severe penalties, car confiscation, or refusal of entry into the country. Let's understand the rules-

- There are no age requirements for new cars, but used or second-hand cars must be no older than three years from the date of production. Additionally, used cars must have been in the importer's ownership for at least one year before being imported into India.
- India requires all imported cars to have a right-hand steering wheel and be capable of driving on the left side of the road.
- The imported car must meet Indian safety and pollution regulations, which are controlled by the Central Motor Vehicles Rules (CMVR).
- If the car being imported is new, it must go through homologation, which certifies that it fulfils Indian norms and rules. This condition is waived for cars worth more than $40,000 (roughly ₹30 lakhs).

How to Import Cars in India?

The process for importing cars is as follows -

Type of Import

Individuals may import a car for personal use if they meet qualifying requirements. Companies may import cars for commercial or corporate usage. Importing through approved dealerships is one of the simplest alternatives.

Importer Exporter Code (IEC)

You need an IEC to import any vehicle into India. The Directorate General of Foreign Trade (DGFT) is responsible for issuing this code. You can apply for the IEC online, giving information such as your personal identification and company credentials.

Shipment

Before shipment, confirm that the car meets all Indian regulatory criteria for safety, emissions, and roadworthiness.

Bill of Entry

This is an important document submitted to Indian customs that declares the details of the vehicle being imported. It comprises information such as the make, model, engine capacity, invoice value, and delivery details. This document must be presented as soon as the car arrives at the port.

Customs

After arriving in India, the car must go through customs clearance. During this phase, customs officers will inspect the vehicle and verify all documents, including the Bill of Entry, IEC, purchase invoice, and insurance documents and car insurance

Registration and Insurance

The final step is to register the car with your local Regional Transport Office (RTO). A valid insurance policy is also a must.

To complete the registration process, you will need to provide documents such as your customs clearance certificate, insurance, and proof of address.

Import Duty on Cars in India

The entire cost of importing a vehicle includes the following:

- Basic Customs Duty (BCD): This varies by engine capacity and fuel type, but can range from 60% to 100%.
- Integrated Goods and Services Tax (IGST): This is currently established at 28%.
- Compensation Cess: It depends on engine capacity and vehicle type.
- Other potential expenses include social welfare surcharges and processing fees.

Import Your Dream Car Easily

Importing an automobile into India is possible, but it needs much research, adherence to stringent restrictions, and a willingness to negotiate the bureaucratic processes. Also, if you are importing an electric car, check out the import duty on electric cars in India. Also know how to import the car through the proper channels.

Every step, from selecting the correct car to paying customs charges and adhering to Indian requirements, is crucial. Know the process and get the car insured for a worry-free drive.

FAQs

Q1. Can I bring a classic or vintage car into India?

Yes, classic or vintage cars can be brought into India; however, they must follow the import laws of the used cars. Moreover, you have to pay an import duty on used cars in India.

Q2. Can NRIs import vehicles into India?

Yes, NRIs may import vehicles into India under certain conditions. The car must have been in their ownership for a minimum of one year overseas, and they must have resided there for at least two years before import.

Q3 - What types of cars can I import into India?

You can import both new and used cars. However, used cars should not be more than three years old. The import duty on used cars is similar to new cars.

Q4- Are there restrictions on importing luxury or high-value cars?

Luxury cars that have high engine capacities (above 2,000 cc) might attract higher customs duties. Moreover, you can only import a specific number of luxury cars.

Q5 - Can the import duty be exempted or reduced?

You might get an exemption for specific categories, such as diplomatic imports or cars imported by certain government officials. However, in most cases, the standard duties apply.