Source – Eximpe

Import Cars Into India: Luxury Cars, Carnet, Duty Calculation, Complete Guide (2026)

Written by Dev Saini

Contents

- What Is Car Import Duty in India?
- Why Are Car Import Duties So High?
- How to Import Cars Into India: Step-by-Step Process
- Real Example: Importing a BMW X5 from Dubai
- The Carnet Permit SecretHow to Get a Carnet



Importing a car into India is an expensive, complex, but legally possible process involving strict regulations, high customs duty (60-165%), and mandatory compliance with Indian safety and emission standards. Whether you want to import a luxury car from Dubai, a sedan from the UK, or a Tesla electric vehicle, India's import rules are among the world's most stringent.

This guide explains the complete process, duty calculations, Carnet permits for temporary imports, compliance requirements, and special rules for luxury vehicles. You'll learn exactly what steps you need to follow to legally import your dream car into India.

What Is Car Import Duty in India?

Car import duty is a tax charged by the Indian government on vehicles brought into India. Unlike other products, cars face the highest import duties in the world—ranging from 60% to 165% of the car's value. If you import a car worth ₹50 lakh from abroad, you'll pay an additional ₹30-80 lakh in import duties and taxes before the car can be released by customs.

Why Are Car Import Duties So High?

India charges high import duties on cars for two reasons:

- Protect Indian Auto Industry — Companies like Maruti, Hyundai, Tata, Mahindra manufacture cars in India. High duties protect them from foreign competition.
- Government Revenue — India collects ₹5,000-10,000 crores annually in car import duties alone.
- Reduce Luxury Consumption — High duties discourage unnecessary imports of luxury vehicles, directing money toward domestic investment.

How to Import Cars Into India: Step-by-Step Process

Step 1: Verify Your Eligibility

Not everyone can import a car. Check if you qualify:

Step 2: Choose Your Import Method

There are two legal ways to import a car into India:

Method A: Permanent Import (With Full Duty Payment)

Best for: You want to keep the car permanently in India

Duty: Pay 60-165% customs duty upfront

Timeline: 30-45 days

Cost: ₹30-80 lakh in duties for a ₹50-75 lakh car

Method B: Carnet Permit (Temporary Import, Duty-Free)

Best for: You want to use the car for 6 months, then export or return it

Duty: ZERO customs duty (only road tax)

Timeline: 6-12 months

Cost: ₹0 import duty + ₹5,000-50,000 road tax

Step 3: Verify Car Eligibility

Not all cars can be imported to India. Your car must meet:

Step 4: Get Required Approvals & Certificates

Before importing, get these from manufacturer/seller:

- NOC (No Objection Certificate) - Proof car can meet Indian emission standards
- ARAI Homologation - Safety & emission compliance testing
- BIS Certificate - For electrical/electronic components

Step 5: Arrange Shipping

Shipping options from Dubai/overseas to India:

Step 6: File Customs Declaration (Bill of Entry)

Step 7: Pay Customs Duty

Step 8: Customs Inspection & Clearance

Step 9: Transport to Destination

Step 10: Register at RTO & Obtain License Plate

Real Example: Importing a BMW X5 from Dubai

New BMW X5 worth ₹75 lakh (USD 90,000) from Dubai

Component	Rate	Calculation	Amount
Assessable Value (CIF)	-	Car price + shipping + insurance	₹75,00,000
BCD	70%	70% × ₹75,00,000	₹52,50,000
AIDC	40%	40% × ₹75,00,000	₹30,00,000
Subtotal	-	CIF + BCD + AIDC	₹1,57,50,000
IGST	28%	28% × ₹1,57,50,000	₹44,10,000
Cess	22% (luxury SUV)	22% × ₹1,57,50,000	₹34,65,000
TOTAL DUTY	--	Sum of all duties	₹1,61,25,000
FINAL PRICE	-	CIF + total duty	₹2,36,25,000
Markup	-	Duty as % of CIF	+215%



The Carnet Permit Secret

What Is a Carnet Permit?

A Carnet De Passage En Douane is an international document that allows temporary import of vehicles duty-free for up to 6 months.

How It Works:

You get Carnet from automobile association in your country

Post security deposit (₹15-20 lakh)

Carnet guarantees you'll re-export vehicle within 6 months

India allows entry duty-free (except road tax)

After 6 months, you MUST re-export or convert to permanent import

How to Get a Carnet

Step-by-Step Process:

Contact Authorized Automobile Association:

- Country: UK (AA, RAC), USA (AAA), Germany (ADAC), etc.
- They issue international Carnets
- Apply with passport, vehicle details, etc.

Pay Security Deposit:

- Typical amount: USD 15,000-20,000 (₹15-20 lakh)
- Non-refundable application fee: $500-1,000
- Full deposit returned when re-exported

Get Carnet Document:

- Official international document
- Lists vehicle VIN, owner details, re-export deadline
- Valid for 6 months (extendable)

Import to India:

- Submit Carnet + vehicle to Indian customs
- Pay only road tax (₹5,000-50,000)
- Vehicle cleared duty-free

Use for 6 Months:

- Drive freely in India
- Register with RTO temporarily
- Use temporary number plate

Re-export

- Re-export after 6 months (get deposit back)

FAQs

Q – Whats’s the cheapest way to import a car?

A – Carnet Permit : rs0 duty. (6 months only) is the CHEAPEST

- New Car (< Usd 40k): 110-120% effective duty
- New Car (> Usd 40k): 150-165% effective duty is the MOST EXPENSIVE

Q – Can I Resell an Imported car?

- A – Permanent import: After 2 years
- Carnet pemit : Not allowed

Q – How much does homologation cost?

- A - rs50,000 – rs200,000 depending on car model and test requirements

Q – Can I import a left-hand drive car?

- A - <50 years old: Must convert to right-hand drive (rs2-5 lakh conversion cost)
- 50+ years old: Cam keep left-hand drive