

ChAFTA Duty Saving Guide

The China-Australia Free Trade Agreement (ChAFTA) entered into force on 20 December 2015. For Australian apparel importers, its most important provision is the elimination of the 5% most-favoured-nation customs duty on qualifying Chinese-manufactured textile and apparel products. This guide explains how to claim ChAFTA preferences, what documentation you need, and exactly how much you save.

Key Fact: Before ChAFTA (pre-2016): 5% duty on all Chinese apparel imports. After ChAFTA: 0% duty on qualifying goods. On a AUD 50,000 shipment, that saves AUD 2,500 at the border.

1. Qualifying HS Codes for Golf Apparel

All knitted (HS Chapter 61) and woven (HS Chapter 62) apparel qualifies for 0% ChAFTA duty with a valid Certificate of Origin:

HS Code	Product Description	Pre-ChAFTA	ChAFTA
6105.20	Men's knitted polo shirts	5%	0%
6106.20	Women's knitted polo shirts	5%	0%
6103.43	Men's knitted trousers	5%	0%
6104.63	Women's knitted trousers	5%	0%
6203.43	Men's woven trousers	5%	0%
6204.63	Women's woven trousers	5%	0%
6110.30	Knitted pullovers & midlayers	5%	0%
6202.93	Windproof jackets (woven)	5%	0%
6505.00	Caps and visors	5%	0%

2. Rules of Origin — Does Your Product Qualify?

- **Substantial transformation:** Cutting and sewing of fabric into finished garments in China satisfies the ROO requirement — even if the fabric was imported (e.g. from Taiwan or Korea).
- **De minimis rule:** Up to 10% of the ex-works value can come from non-originating materials and the product still qualifies for 0% duty.
- **Record keeping:** Chinese manufacturer must retain production records for at least 5 years from the date of import.

3. Required Documentation for Every Shipment

- **3.1** Certificate of Origin (CoO) — issued by CCPIT or GACC. Must show: exporter, producer, consignee, HS codes, origin criterion, authorised stamp.
- **3.2** ChAFTA Declaration of Origin — on the commercial invoice or a separate form.
- **3.3** Commercial invoice with: supplier/buyer details, HS code per item, unit price, total value, INCOTERMS.
- **3.4** Packing list: carton numbers, weights, dimensions, item breakdown per carton.
- **3.5** Bill of lading (sea freight) or air waybill (air freight).
- **3.6** ABF Import Declaration lodged via Integrated Cargo System (ICS) with ChAFTA preference code "CN".

4. Real Cost Comparison — 500 Golf Polos

Cost Item	FOB (You Manage)	DDP (We Manage)
500 polos, ex-works	AUD 7,500	AUD 7,500
Sea freight to AU port	AUD 1,200	Included
Insurance (0.5% CIF)	AUD 44	Included
Customs duty (ChAFTA)	AUD 0	AUD 0
ABF processing fee	AUD 50	Included
GST (10% on CIF + duty)	AUD 879	AUD 879
Customs broker fee	AUD 350–550	Included
Last-mile delivery	AUD 280–450	Included
Total landed cost	AUD 10,303–10,673	AUD 9,060

Bottom Line: DDP with ChAFTA saves approximately AUD 1,200–1,600 on a 500-unit order vs self-managed import. Eliminates 4–6 hours of paperwork per shipment + wharf storage risk (AUD 200–500/day).

5. Common Mistakes That Invalidate ChAFTA Claims

- **5.1** Missing or expired Certificate of Origin. Must be issued before or at import. Retrospective certificates may be rejected by ABF.
- **5.2** Incorrect HS codes. Using 6109 (T-shirt) instead of 6105 (polo shirt) triggers audits. Verify codes with your broker before the first shipment.
- **5.3** Declaring FOB instead of CIF. GST is calculated on CIF value (Cost + Insurance + Freight). Under-declaring freight costs = compliance risk.

- **5.4** Mixed shipments without HS code breakdown. If a container includes 0% and 5% duty items, they must be itemised separately on the import declaration.
- **5.5** Non-resident importers: register for GST to claim input tax credits on the 10% GST paid at import.

6. LeelineWear DDP Service Includes

- **6.1** CCPIT-issued Certificate of Origin + ChAFTA Declaration of Origin on every shipment.
- **6.2** HS code verification per SKU. ABF clearance under preference code CN.
- **6.3** GST remittance with the ATO + Tax Invoice for your BAS input tax credit claim.
- **6.4** Import summary report for your records.
- **6.5** One AUD invoice — all duties, taxes, and freight included. Nothing to pay on arrival.
- **6.6** Australian port coverage: Port Botany (Sydney), Melbourne, Brisbane, Fremantle.

Next Step: Request an AUD quote from LeelineWear. We provide a line-by-line DDP breakdown including ChAFTA duty elimination within 24 hours. Contact: leelinewear.com/contact