



---

# A HANDBOOK ON RECENT CHANGES APPLIED FOR EXCISE IN JEWELLERY IN INDIA

---

THIS DOCUMENT CONTAINS ALL NOTIFICATIONS AND EXPLANATION ABOUT THE  
CHANGES APPLIED FOR EXCISE IN JEWELLERY IN INDIA



JULY 28, 2016  
UDYOG SOFTWARE (INDIA) LTD.  
Hyderabad, Telangana, India

Table of Contents

Excise on Jewellery: Summary of Recent Notifications & Circulars .....	2
Annexure I - Notifications.....	6
Annexure II - Circulars.....	9
CBEC notifies Partial exemption to certain items of Jewellery .....	10
CBEC hikes SSI limits on Jewellery.....	11
CBEC notifies Tariff value for Jewellery Articles or its Parts or Both .....	13
CBEC notifies Manner of Excise Duty Payment on Jewellery with Optional Scheme .....	14
Illustration 1 - A Manufacturer or a Principal Manufacturer (all figures in KG): .....	19
Illustration 2 - A Manufacturer or a Principal Manufacturer (all figures in KG): .....	20
Illustration 3 - A manufacturer or a principal manufacturer (all figures in KG): .....	21
CBEC prescribes 1% excise duty on Jewellery.....	24
CBEC notifies Registration Requirements for Jewellery Manufacturers.....	25
Excise on Jewellery: Exemption Granted from filing of Annual Return.....	26

Excise on Jewellery: Summary of Recent Notifications & Circulars

Government of India  
Ministry of Finance  
Department of Revenue  
Tax Research Unit

D.O. F. No. 354/25/2016-TRU (Pt.-I)

1. Vide Circular No. 1021/9/2016-CX dated 21.03.2016 the Central Government had decided to constitute a Sub-Committee of the High Level Committee (HLC) to interact with Trade & Industry and look into the issues related to compliance procedures for the excise duty on articles of jewellery, including records to be maintained, forms to be filled, Rule 12AA, operating procedures and any other issues that may be relevant. The said circular also provided that the registration of the establishment with the central excise department can be taken within 60 days from 1st March, 2016 and the liability for payment of central excise duty would be with effect from 1st March, 2016, and as a special case for the month of March, 2016, the assessee jewellers would be permitted to make payment of excise duty along with the payment of excise duty for the month of April, 2016.
2. Subsequently, vide Circular dated 23.04.2016 and Circular dated 01 .07.2016, the time limit for taking central excise registration of an establishment by a jeweller was extended up to 31 .07.2016. Further, it was provided that though, the liability for payment of central excise duty will be with effect from 1st March, 2016, the assessee jewellers may make the payment of excise duty for the months of March, 2016; April, 2016 and May, 2016 along with the payment of excise duty for the month of June, 2016 upto an extended date of 31.07.2016.
3. In this regard, the above mentioned Sub-Committee of the HLC had submitted its report on 23.06.2016. The recommendations of the Sub-Committee have been accepted by the Government. Accordingly, notification No.'s 26/2016-Central Excise to 29/2016-Central Excise; No.'s 33/2016-Central Excise (N.T.) to 40 /2016-Central Excise (N.T.); and Circular No. 1040 /28 /2016-CX to No. 1045 /33 /2016-CX have been issued to give effect to such accepted recommendations.
  - a. Annex I - contains a brief summary of the amendments made vide various notifications to the existing Tariff and Non-Tariff notifications and issuances of new rules namely the Articles of Jewellery (Collection of Duty) Rules, 2016.
  - b. Annex II - contains a brief summary of clarifications and instructions issued by way of circulars.
4. In this context, I would like to highlight the following provisions which deal with the major changes relating to the manner of payment of excise duty on article of jewellery or parts of articles of jewellery or both [hereinafter referred to as articles of jewellery].
  - a. Excise duty liability will be payable at the time when an article of jewellery falling under heading 7113 is sold for the first time (first sale) from the registered premises or from the centrally registered premises, or branches of such centrally registered premises, by the manufacturer or principal manufacturer at such first sale value.
  - b. For this purpose, such first sale value [except in case of articles of jewellery which are manufactured from the precious metal provided by the retail customer] has been notified as the tariff value under sub-section (2) of section 3 of the Central Excise Act, 1944. In case of articles of jewellery, which are manufactured from the precious metal provided by the retail customer, the tariff value will be equal to the sum of the value of additional material used by the manufacturer or the principal manufacturer for making such article

of jewellery, labour charges charged by the manufacturer or the principal manufacturer and the value of precious metal provided by the retail customer.

- 5.1 The excise duty on articles of jewellery will be payable at the time of first sale. However, in many cases the manufacturer or the principal manufacturer, may be dealing in both the manufactured articles of jewellery [on which excise duty is yet to be paid] and traded articles of jewellery [on which appropriate excise duty, including Nil duty, has already been paid]. That being so, a manufacturer or principal manufacturer shall maintain separate physical stocks of manufactured articles of jewellery and traded articles of jewellery and show their values separately in the first sale invoice, and accordingly determine his excise duty liability [Rule 8 (3) of the Articles of Jewellery (Collection of Duty) Rules, 2016 refers].
- 5.2 However, if a manufacturer or the principal manufacturer is not able to maintain separate physical stocks of manufactured articles of jewellery and traded articles of jewellery and show their values separately in the first sale invoice, he may opt for the optional scheme under rule 12 of the Articles of Jewellery (Collection of Duty) Rules, 2016. The salient features of this scheme are as under.
- a) For availing the optional scheme under the said rule, a manufacturer or principal manufacturer shall maintain:-
    - i. A record containing the stock details of manufactured articles and traded articles separately for silver studded articles; gold or platinum articles studded with diamonds; and other gold or platinum articles, on weight or caratage basis; and
    - ii. A record of the value of such traded articles separately at their purchase prices.
  - b) The opening stock, sales and closing stock of these three types of articles of jewellery shall be calculated separately for assessing the excise duty payable on them. Excise duty payable by a manufacturer or principal manufacturer for a month shall be the sum total of excise duty payable on these three types of articles of jewellery for the month.
  - c) Under this scheme, a manufacturer or the principal manufacturer will pay excise duty on his first sale value, by treating his first sales during a month solely as sale of manufactured articles of jewellery, if such sales are less than or equal to the opening stock of articles of jewellery at the beginning of the month.
  - d) If the sales during a month are less than the opening stock of articles of jewellery at the beginning of the month then the balance stock of manufactured articles will be carried forward and as a result the opening stock of manufactured articles for the succeeding month will be sum total of such carried forward stock of manufactured articles and quantity of manufactured articles received during the preceding month.
  - e) The sales in excess of opening stock of manufactured articles of jewellery, during a month shall be deemed to be the sales out of opening stock of traded articles of jewellery on which no excise duty will be payable.
  - f) If sales during a month are in excess of sum total of opening stock of manufactured articles of jewellery and opening stock of traded articles of jewellery, then the sales over and above such quantity will be deemed to be that of manufactured articles of jewellery received during the month.
  - g) If sales during a month are in excess of sum total of opening stock of manufactured articles of jewellery, opening stock of traded articles of jewellery and manufactured articles of jewellery received during the month, the sales over and above such quantity will be deemed to be that of traded articles of jewellery received during the said month on which no excise duty will be payable.

The said rule may also apply for determining the excise duty liability on articles of jewellery with effect from 1st of March, 2016.

5.3. As regards SSI exemption, the eligibility and exemption limit for manufacturers of articles of jewellery have been revised, as under:

- a) Eligibility limit from Rs. 12 Crore to Rs. 15 Crore, and
- b) Exemption limit from Rs. 6 crore to Rs. 10 crore.

- 5.3.1. SSI exemption Eligibility limit: If the aggregate value of clearances for a manufacturer or principal manufacturer during the previous financial year is less than or equal to Rs. 15 crore, then such manufacturer or principal manufacturer will be eligible for SSI exemption during current financial year. If the aggregate value of clearances for a manufacturer or principal manufacturer during the previous financial year is more than Rs. 15 crore, then such manufacturer or principal manufacturer will not be eligible for SSI exemption during current financial year.
- 5.3.2. SSI Exemption Exemption limit: The Exemption Limit is the aggregate value of non-exempt manufactured articles upto which no excise duty will be payable by a manufacturer or principal manufacturer in a financial year. For example, if the aggregate value of non-exempt manufactured goods, including articles of jewellery, by a manufacturer or principal manufacturer [who is eligible for SSI exemption during the current financial year] is Rs. 11 crore during a financial year then he will be eligible for SSI exemption for the value of clearance upto Rs. 10 crore and he will be liable to pay excise duty on Rs. 1 Crore [that is Rs. 11 crore minus Rs. 10 crore].
- 5.3.3. Computation of Eligibility and Exemption limits for SSI exemption [Notification no. 8/2003-CE dated 1st March 2003] is to be done individually for each manufacturer or principal manufacturer, irrespective of the number of job workers employed by such manufacturer or principal manufacturer or the number of premises from which his job workers operate. For computation of Eligibility and Exemption limits for SSI exemption the value of articles of jewellery exported [except those exported to Bhutan] will not be counted. Similarly, for computation of Eligibility and Exemption limits for SSI exemption the value of traded articles of jewellery [on which appropriate excise duty, including nil duty, has already been paid] will not be included. Further, in respect of jewellery manufactured out of jewellery or precious stones supplied by the individual retail customer, only the value addition [sum of cost of additional material used and labour charges/making charges charged by the manufacturer or principal manufacturer] shall be taken into consideration for computation of such limits.
- 5.3.4. Multiple manufacturers or principal manufacturers, operating from the same premises and individually registered under State VAT on or before February 29, 2016, may be allowed separate central excise registrations. However, in such cases the value of clearances of all such manufacturers or principal manufacturers shall be clubbed together for determining the eligibility / exemption limits for the purposes of the small scale industries [SSI] excise duty exemption. Thus, if the clubbed together aggregate value of clearances of all such manufacturers or principal manufacturers during the preceding year is more than Rs. 15 crore then none of such manufacturers or principal manufacturers will be eligible for SSI exemption. Similarly, as and when the clubbed together aggregate value of clearances of such manufacturers or principal manufacturers in a financial year crosses Rs. 10 crore, all such manufacturers or principal manufacturers will be liable to pay excise duty on their clearances thereafter.
- 5.3.5. Further, the notification No. 36/2001-Central Excise (N.T.) dated 26th June, 2001 has been amended, so as to exempt a manufacturer or principal manufacturer of articles of jewellery, from taking registration upto the full exemption limit, which is being increased to Rs. 10 Crore.

6. I would again like to emphasise that the Board desires that all necessary steps shall be taken to enable the new taxpayers to comply with this levy without any difficulty. These instructions may be disseminated to the field formations for strict compliance. Difficulties faced, if any, in implementation which are not covered by the instructions issued in this regard may be communicated to the Board without delay.
7. I have alluded only to the key highlights of the changes in the Annexures to this letter. For details the relevant notifications and circulars may be carefully gone through. These notifications and circulars can be downloaded directly from [www.cbec.gov.in](http://www.cbec.gov.in).
8. It may kindly be ensured that the changes are implemented in a smooth manner without causing any inconvenience to the taxpayers. All possible efforts may be made to guide the taxpayers by holding interactive sessions/ seminars. In case of any doubt or difficulty, I would request you to kindly bring it to my notice immediately or to the notice of Sh. Reyaz Ahmad, Director (TRU) (Tel. No. 011-23092236), email: [ahmad.reyaz@nic.in](mailto:ahmad.reyaz@nic.in) or Sh. Anurag Sehgal, Under Secretary (TRU) (Tel No. 011-23095547), e-mail: [sehgal.anurag@nic.in](mailto:sehgal.anurag@nic.in).

Notification No.	Gist of Notifications
<a href="#">26/2016-Central Excise</a>	Seeks to amend notification No. 12/2012-Central Excise so as to prescribe 1% excise duty (without input and capital goods credit) on parts of articles of jewellery falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986), and to prescribe a criterion for classification of an articles of jewellery or part of articles of jewellery or both as that of a particular precious metal.
<a href="#">27/2016-Central Excise</a>	Seeks to partially exempt Central Excise duty on articles of jewellery falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) manufactured by:  (a) Re-conversion of jewellery given by the retail customer, or  (b) Mounting of precious stone given by the retail customer.
<a href="#">28/2016-Central Excise</a>	Seeks to amend notification No. 8/2003-Central Excise dated 1st March, 2003, so as to increase for articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986):  (a) The SSI Exemption limit from Rs. 6 crores to Rs. 10 crores; (b) The SSI Eligibility limit from Rs. 12 crores to Rs. 15 crores.
<a href="#">29/2016 Central Excise</a>	Seeks to amend notification No. 17/2011-Central Excise, dated the 1st March, 2011, so as to exclude handicrafts falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986), from the purview of excise duty exemption for “handicrafts”.
<a href="#">33/2016 - Central Excise (N.T.)</a>	Seeks to notify, for articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986),  (a) for articles of jewellery or parts of articles of jewellery or both (other than those which are manufactured from the precious metal provided by the retail customer), the first sale value, that is the value at which such articles of jewellery or parts of articles of jewellery or both, are sold for the first time, as the tariff value;  (b) for articles of jewellery or parts of articles of jewellery or both manufactured from the precious metal provided by the retail customer, the value which is sum of-  i. the cost of additional materials used by the manufacturer or principal manufacturer, as the case may be, for making such articles of jewellery;  ii. the labour charges charged by the manufacturer or principal Manufacturer, as the case may be, from the retail customer; and iii. the value of precious metal provided by the retail customer, as the tariff value.

<p><a href="#">34/2016 - Central Excise (N.T.)</a></p>	<p>Seeks to notify the Articles of Jewellery (Collection of Duty) Rules, 2016, applicable to articles of jewellery or parts of articles of jewellery or both falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986). These rules, inter-alia, provide manner of payment of Central Excise duty on articles of jewellery or parts of articles of jewellery or both, including an optional scheme for payment of such Excise duty.</p>
<p><a href="#">35/2016 - Central Excise (N.T.)</a></p>	<p>Seeks to amend the Central Excise Rules, 2002 in relation to articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), so as to:</p> <p>i. provides that the quarterly return (ER.8) will also apply to the manufacturers or principal manufacturers of parts of articles of jewellery, falling under heading 7113;</p> <p>ii. prescribe that the date of submission of quarterly return, for manufacturers or principal manufacturers of articles of jewellery or parts of articles of jewellery or both, falling under heading 7113, for quarter ending on 31st March, 2016, and quarter ending on 30th June, 2016, shall be the 10th August, 2016; and</p> <p>iii. as separate rules are being prescribed for articles of jewellery or parts of articles of jewellery or both falling under heading 7113 of the said Schedule to the said Tariff Act, applicability of Rule 12AA is being restricted to articles of precious metals falling under heading 7114.</p>
<p><a href="#">36/2016 - Central Excise (N.T.)</a></p>	<p>Seeks to amend the CENVAT Credit Rules, 2004 in relation to articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), so as to include a principal manufacturer of articles of jewellery or parts of articles of jewellery or both as manufacturer for the purposes of the CENVAT Credit Rules, 2004.</p>
<p><a href="#">37/2016 - Central Excise (N.T.)</a></p>	<p>Seeks to provide a modified format for quarterly return, ER-8, for return of excisable goods cleared at the Central Excise duty rate of 1% [including articles of jewellery or parts of articles of jewellery or both, falling under heading 7113] or 2%.</p>
<p><a href="#">38/2016 - Central Excise (N.T.)</a></p>	<p>Seeks to amend notification No. 35/2001-Central Excise (N.T.):</p> <p>(i) provide that a person engaged in the manufacture of articles of jewellery or parts of articles of jewellery or both, falling under chapter heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) may get himself registered by 31st day of July, 2016;</p> <p>(ii) exempt a person engaged in the manufacture of articles of jewellery or parts of articles of jewellery or both, falling under chapter heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) from the requirement to submit plan of the factory premises under simplified registration procedure.</p>



<a href="#">39/2016 - Central Excise (N.T.)</a>	Seeks to amend notification No. 17/2006-Central Excise (N.T) dated the 1st August, 2006 so as to exempt a manufacturer or principal manufacturer of articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) from filing of annual return.
<a href="#">40/2016 - Central Excise (N.T.)</a>	Seeks to amend notification No. 36/2001-Central Excise (N.T.) dated 26th June, 2001, so as to exempt a manufacturer or principal manufacturer of articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) from taking central excise registration upto the full exemption limit, which is being increased to Rs. 10 Crore.

Circular No.	Gist of circulars
<a href="#">1040/28/2016-CX</a>	Clarification on computation of exemption and eligibility and exemption limits and other related issues for small scale industries [SSI] exemption under Notification No. 8/2003-CE dated 1st March 2003 in respect manufacturer or principal manufacturer of articles of jewellery or parts of articles of jewellery or both.
<a href="#">1041/29/2016-CX</a>	Guidelines for Excise Audit of Manufacturers / Principal Manufacturers of articles of jewellery or parts of articles of jewellery.
<a href="#">1042/30/2016-CX</a>	Export related procedural simplifications - excise duty on articles of jewellery falling under heading 7113.
<a href="#">1043/31/2016-CX</a>	General procedures regarding excise duty on articles of jewellery or parts of articles of jewellery or both falling under heading 7113.
<a href="#">1044/32/2016- CX</a>	Guidelines for issue of summons, visits, search, seizure, arrest and prosecution regarding manufacturers or principal manufacturers of articles of jewellery or parts of articles of jewellery or both.
<a href="#">1045/33/2016- CX</a>	Taxability of stock on February 29, 2016 - Excise duty imposition on articles of jewellery in the Budget 2016-17.

## CBEC notifies Partial exemption to certain items of Jewellery

Seeks to partially exempt Central Excise duty on articles of jewellery falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) manufactured by:

- (a) Re-conversion of jewellery given by the retail customer, or
- (b) Mounting of precious stone given by the retail customer.

Government of India  
Ministry of Finance, (DEPARTMENT OF REVENUE)  
Notification No. 27/2016-Central Excise  
New Delhi, the Dated: 26th of July, 2016

1. G.S.R. (E) - In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts articles of jewellery manufactured:

- (i) From jewellery provided by a retail customer; or
- (ii) By mounting of precious stones provided by a retail customer,

from so much of the excise duty leviable thereon, as is in excess of the duty of excise payable on a value which is sum of the cost of additional materials used by the manufacturer or principal manufacturer, as the case may be, for making such article of jewellery and labour charges charged by the manufacturer or principal manufacturer, as the case may be, from the retail customer.

2. For availing the exemption under this notification, the manufacturer or principal manufacturer, as the case may be, shall maintain a proper record containing the following details, namely:-

- (i) Name and address of the retail customer;
- (ii) Weight and purity of the jewellery, weight of precious stone provided by the retail customer;
- (iii) Receipt number and date;
- (iv) Issue voucher number and date of sending such jewellery or precious stones to a job worker or to the manufacturing premises of the jeweller himself; and
- (v) Value addition, including cost of additional materials and labour charges, charged by the jeweller, which shall also be mentioned separately in the invoice issued to the retail customer.

Explanation 1 - For the purposes of this notification, weight refers to weight in grams for precious metals; and in carats for precious stones.

Explanation 2 - For the removal of doubts, it is hereby clarified that for the purposes of this notification, the expression "jewellery" shall not include precious metal in any form, other than jewellery provided by a retail customer for the manufacture of articles of jewellery to a manufacturer or principal manufacturer, as the case may be.

[F. No. 354/25/2016 -TRU (Pt.-I)]  
(Anurag Sehgal) - Under Secretary to the Government of India.

**CBEC hikes SSI limits on Jewellery**

Seeks to amend notification no. 8/2003-Central Excise dated 1st March, 2003, so as to increase for articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986):

- (a) The SSI Exemption limit from Rs. 6 crore to Rs. 10 crore; and
- (b) The SSI Eligibility limit from Rs. 12 crore to Rs. 15 crore.

GOVERNMENT OF INDIA  
 MINISTRY OF FINANCE, (DEPARTMENT OF REVENUE)  
 Notification No. 28/2016-Central Excise  
 New Delhi, the Dated: 26th July, 2016

G.S.R. (E). - In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 8/2003-Central Excise dated the 1st March, 2003, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 138 (E) dated, the 1st March, 2003, namely :-

In the said notification:

- (a) In the Table, for serial number 3, and the entries relating thereto, the following serial number and entries shall be substituted, namely:

(1)	(2)	(3)
“3	<p>First clearances of the articles of jewellery or parts of articles of jewellery or both for home consumption, other than articles of silver jewellery but inclusive of articles of silver jewellery studded with diamond, ruby, emerald or sapphire, falling under chapter heading 7113 of the First Schedule upto an aggregate value not exceeding ten crore rupees made on or after the 1st day of April in any financial year, from the whole of the duty of excise specified thereon in the First Schedule:</p> <p>Provided that during the period starting from 1st March, 2016 and ending on 31st March, 2016, the exemption shall apply to the first clearances of the articles of jewellery or parts of articles of jewellery or both for home consumption, other than articles of silver jewellery but inclusive of articles of silver jewellery studded with diamond, ruby, emerald or sapphire, falling under chapter heading 7113 of the First Schedule, up to an aggregate value not exceeding eighty-five lakh rupees.</p>	Nil

- (b) In paragraph 2:

- (i) In sub-paragraph (iii), for the proviso, the following shall be substituted, namely:-

“Provided that the manufacturer of the articles of jewellery or parts of articles of jewellery or both other than articles of silver jewellery but inclusive of articles of silver jewellery studded with diamond, ruby, emerald or sapphire, falling under chapter heading 7113 of the First Schedule shall not avail the

credit of duty on inputs under rule 3 or rule 11 of the said rules, paid on inputs used in the manufacture of these goods cleared for home consumption, the aggregate value of first clearances of which, as calculated in the manner specified in the said Table does not exceed ten crore rupees:

Provided further that nothing contained in this sub-paragraph shall apply to the inputs used in the manufacture of specified goods bearing the brand name or trade name of another person, which are ineligible for the grant of this exemption in terms of paragraph 4;”;

(ii) In sub-paragraph (iv), for the proviso, the following shall be substituted, namely:

“Provided that the manufacturer of the articles of jewellery or parts of articles of jewellery or both other than articles of silver jewellery but inclusive of articles of silver jewellery studded with diamond, ruby, emerald or sapphire, falling under chapter heading 7113 of the First Schedule also does not utilise the credit on capital goods under rule 3 or rule 11 of the said rules, paid on capital goods, for payment of duty, if any, on the aforesaid clearances, the aggregate value of first clearances of which does not exceed ten crore rupees, as calculated in the manner specified in the said Table;”;

(iii) In sub-paragraph (vii), for the proviso, the following shall be substituted, namely:-

“Provided that aggregate value of clearances of all excisable goods for home consumption by a manufacturer of the articles of jewellery or parts of articles of jewellery or both other than articles of silver jewellery but inclusive of articles of silver jewellery studded with diamond, ruby, emerald or sapphire, falling under chapter heading 7113 of the First Schedule, from one or more factory or premises of production or manufacture, or from a factory or premise of production or manufacture by one or more manufacturers, does not exceed rupees fifteen crore in the preceding financial year;”;

(c) In paragraph 3, for the words beginning with “For the purposes of determining”, and ending with “taken into account, namely:-”, the following shall be substituted, namely:-

“For the purposes of determining the first clearances upto an aggregate value not exceeding one hundred and fifty lakh rupees made against serial number 1 or upto an aggregate value not exceeding ten crore rupees made against serial number 3, of the said Table, as the case may be, on or after the 1st day of April in any financial year, the following clearances shall not be taken into account, namely:-”.

[F. No. 354/25/2016 -TRU (Pt.-I)]

(Anurag Sehgal)- Under Secretary to the Government of India

CBEC notifies Tariff value for Jewellery Articles or its Parts or Both

Government of India  
 Ministry of Finance (Department of Revenue)  
 Notification No. 33/2016-Central Excise (N.T.)  
 New Delhi, the 26th July, 2016

G.S.R. (E). - In exercise of the powers conferred by sub-section (2) of section 3 of the Central Excise Act, 1944 (1 of 1944), the Central Government hereby fixes the tariff value in respect of the excisable goods falling under heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) mentioned in column (2) of the Table below, to be the value as specified in the corresponding entry in column (3), of the said Table, namely:

S. No.	Description of Excisable Goods	Tariff Value
(1)	(2)	(3)
1.	Articles of jewellery or parts of articles of jewellery or both, (other than those which are manufactured from the precious metal provided by the retail customer).	Value at which such excisable goods are sold for the first time from the Registered premises or from the centrally registered premises, or branches of such centrally registered premises (hereinafter referred to as the "first sale value") by the manufacturer or principal manufacturer, as the case may be.
2.	Articles of jewellery or parts of articles of jewellery or both which are manufactured from the precious metal provided by the retail customer.	Value which is sum of the: (a) cost of additional materials used by the manufacturer or principal manufacturer, as the case may be, for making such articles of jewellery; (b) Labour charges charged by the manufacturer or principal manufacturer, as the case may be, from the retail customer; and (c) Value of precious metal provided by the retail customer.

Explanation: For the purposes of this notification, the registered premises or the centrally registered premises or branches of such centrally registered premises, of the manufacturer or principal manufacturer, as the case may be, of articles of jewellery or parts of articles of jewellery or both, from where the goods are sold for the first time shall be the place of removal for such articles of jewellery or parts of articles of jewellery or both, and the time of removal shall be construed accordingly.

[F. No. 354/25/2016 -TRU (Pt.-I)]  
 (Anurag Sehgal) - Under Secretary to the Government of India.

## CBEC notifies Manner of Excise Duty Payment on Jewellery with Optional Scheme

Seeks to notify the Articles of Jewellery (Collection of Duty) Rules, 2016, applicable to articles of jewellery or parts of articles of jewellery or both falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986). These rules, inter-alia, provide manner of payment of Central Excise duty on articles of jewellery or parts of articles of jewellery or both, including an optional scheme for payment of such Excise duty.

Government of India  
Ministry of Finance (Department of Revenue)  
Notification No. 34/2016 - Central Excise (N.T.)  
New Delhi, dated the 26th July, 2016

G.S.R. (E). - In exercise of the powers conferred by section 37 of the Central Excise Act, 1944 (1 of 1944), the Central Government hereby makes the following rules, namely:-

1. Short title, extent and commencement:

(1) These rules may be called the Articles of Jewellery (Collection of Duty) Rules, 2016.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Applications- These rules shall apply to the articles of jewellery or parts of articles of jewellery or both, falling under Heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986).

3. Definitions. - In these rules, unless the context otherwise requires, -

(a) "Act" means the Central Excise Act, 1944 (1 of 1944);

(b) "Assessment" includes self-assessment of duty made by the assessee;

(c) "Assessee" means a manufacturer or principal manufacturer, as the case may be, of excisable goods;

(d) "Board" means the Central Board of Excise and Customs constituted under the Central Board of Revenue Act, 1963 (54 of 1963);

(e) "Duty" means the duty payable under section 3 of the Act;

(f) "Articles" means articles of jewellery or parts of articles of jewellery or both falling under Heading 7113 of the Tariff Act, wherein the expression "articles of jewellery" shall have the meaning assigned to it as under chapter note 9 of chapter 71 of the Tariff Act;

(g) "Job work" means processing or working upon of raw materials or semi-finished goods supplied to the job worker, so as to complete a part or whole of the process resulting in the manufacture or finishing of articles of jewellery or parts of articles of jewellery or both falling under heading 7113 of the First Schedule to the Central Excise Tariff Act;

(h) "Job worker" means a person engaged in manufacture or processing on behalf of a principal manufacturer, from any inputs or goods supplied by the principal manufacturer, so as to complete a part or whole of the process resulting ultimately in manufacture of articles.

(i) "Principal manufacturer" means every person (not being an export-oriented unit or a unit located in a Special Economic Zone or any person who gives his pre-owned gold or any precious metal, ornaments or jewellery for the purpose of being re-made or re-conditioned or gives precious stones for the purpose of being mounted) who gets articles, produced or manufactured on his behalf, on job-work basis and causes the sale of the articles for the first time.

(j) "Silver studded articles" means articles of jewellery of silver studded with diamond, ruby, emerald or sapphire falling under Heading 7113 of the Tariff Act, wherein the expression "articles of jewellery" shall have the meaning assigned to it as under chapter note 9 of chapter 71 of the Tariff Act;

(k) "Tariff Act" means the Central Excise Tariff Act, 1985 (5 of 1986);

(l) "Traded articles" means articles, on which appropriate duty (including nil duty) has already been paid at the time of their sale for the first time.

(m) Words and expressions used herein but not defined in these rules and defined in the Act shall have the meaning respectively assigned to them in the Act.

4. Date for determination of duty - (1) The rate of duty applicable to the articles, shall be the rate in force on the date when such articles are sold for the first time by the manufacturer or principal manufacturer, as the case may be, from his registered premises or centrally registered premises or branches of such centrally registered premises.

5. Assessment of Duty - The assessee shall himself assess the duty payable on any excisable articles.

6. Manner of Payment - (1) The duty on the articles sold for the first time by the manufacturer or principal manufacturer, as the case may be, from his registered premises or centrally registered premises or branches of such centrally registered premises, during a month, shall be paid by the 6th day of the following month, if the duty is paid electronically through internet banking or by the 5th day of the following month, in any other case:

**Provided** that in case of articles sold for the first time by the manufacturer or principal manufacturer, as the case may be, during the month of March, the duty shall be paid by the 31st day of March:

**Provided** further that where an assessee is eligible to avail of the exemption under a notification based on the value of goods sold for the first time in a financial year, the duty on articles sold for the first time during a quarter of the financial year shall be paid by the 6th day of the month following that quarter, if the duty is paid electronically through internet banking and in any other case, by the 5th day of the month following that quarter, except in case of articles sold for the first time during the last quarter, starting from the 1st day of January and ending on the 31st day of March, for which the duty shall be paid by the 31st day of March.

**Explanation -1** - For the removal of doubts, it is hereby clarified that, an assessee, engaged in the manufacture or production of the articles shall be eligible, if his aggregate value of clearances of all excisable goods for home consumption in the preceding financial year, computed in the manner specified in the said notification, did not exceed rupees fifteen crore.

**Explanation-2** - The manner of payment as specified in this proviso shall be available to the assessee for the whole of the financial year.

**Explanation-3** - For the purposes of this rule, -

(a) The duty liability shall be deemed to have been discharged only if the amount payable is credited to the account of the Central Government by the specified date;

(b) If the assessee deposits the duty by cheque, the date of presentation of the cheque in the bank designated by the Central Board of Excise and Customs for this purpose shall be deemed to be the date on which the duty has been paid subject to realization of that cheque.



(2) Notwithstanding anything contained in sub-rule (1), the duty on the articles sold for the first time from his registered premises or centrally registered premises or branches of such centrally registered premises in the months of March, April, May and June of 2016, by an assessee shall be paid by the 31st of July, 2016.

**Explanation** - For removal of doubts, it is hereby clarified that the duty liability shall be deemed to have been discharged only if the amount payable is credited to the account of the Central Government by the specified date.

(3) Every assessee shall electronically pay duty through internet banking:

**Provided** that for reasons to be conveyed in writing to the Assistant Commissioner or the Deputy Commissioner of Central Excise having jurisdiction, an assessee may make payment of duty by any mode other than internet banking.

(4) If the assessee fails to pay the amount of duty by due date, he shall be liable to pay the outstanding amount along with interest at the rate specified by the Central Government vide notification under section 11AA of the Act on the outstanding amount, for the period starting with the first day after due date till the date of actual payment of the outstanding amount.

(5) If the assessee fails to pay the duty declared as payable by him in the return within a period of one month from the due date, then the assessee is liable to pay the penalty at the rate of one per cent. on such amount of the duty not paid, for each month or part thereof calculated from the due date, for the period during which such failure continues.

**Explanation** - For the purposes of this sub-rule, 'month' means the period between two consecutive due dates for payment of duty specified under sub-rule (1) or the first proviso to sub-rule (1), as the case may be.

(6) The provisions of section 11 of the Act shall be applicable for recovery of the duty as assessed under rule 5 and mentioned in the return filed under the Central Excise Rules, 2002, the interest under sub-rule (4) and penalty under sub-rule (5) in the same manner as they are applicable for recovery of any duty or other sums payable to the Central Government.

**Explanation** - For the purposes of this rule, the expressions 'duty' or 'duty of excise' shall also include the amount payable in terms of the CENVAT Credit Rules, 2004.

7. Daily stock account - (1) Every assessee shall maintain separate records for receipt and sale of manufactured and traded articles, indicating the particulars regarding description of the manufactured articles, on a daily basis.

(2) All records and documents maintained by the assessee for manufactured articles, including records showing receipts of articles manufactured or received back from job worker's premises, quantity of manufactured articles sold for the first time from the registered premises or centrally registered premises or branches of such centrally registered premises for home consumption, quantity of manufactured articles sold for the first time from the registered premises or centrally registered premises or branches of such centrally registered premises for exports or any other records and documents, shall be preserved for a period of five years immediately after the financial year to which such records pertain.

(3) All records and documents maintained by the assessee for traded articles, including records showing value of their traded stocks at the time of purchase or any other records and documents, shall be preserved for a period of five years immediately after the financial year to which such records pertain.

(4) All records of manufactured and traded articles maintained by the assessee under this rule shall be maintained on weight and caratage basis.

(5) The assessee at his own option may preserve records under this rule in electronic form with every page of the record so preserved authenticated by means of a digital signature.

8. Articles to be removed on Invoice - (1) No excisable articles shall be sold for the first time by the assessee from his registered premises or the centrally registered premises or branches of such centrally registered premises, except under an invoice (hereinafter referred to as the “first sale invoice”).

(2) First sale invoice shall be duly signed by the assessee or his authorised agent and shall be serially numbered. Such an invoice shall also contain the registration number, name of the consignee, description of articles, classification and date of removal by sale.

(3) First sale invoice shall show value of manufactured and traded articles separately so as to arrive at the excise duty payable on the manufactured articles.

(4) The invoice shall be prepared in duplicate and in the following manner, namely:-

- (i) The original copy being marked as ORIGINAL FOR BUYER;
- (ii) The duplicate copy being marked as DUPLICATE FOR ASSESSEE;

(5) The rules relating to digitally signed invoice under the Central Excise Rules, 2002 shall mutatis mutandis apply in relation to the digitally signed invoice under these rules.

9. Job work in articles of jewellery or parts of articles of Jewellery - (1) A principal manufacturer who gets articles manufactured on his behalf, on job work basis shall obtain registration, maintain accounts, pay duty leviable on such articles and comply with all the relevant provisions of these rules, as if he is an assessee.

(2) First sale invoice shall be duly signed by the assessee or his authorised agent and shall be serially numbered. Such an invoice shall also contain the registration number, name of the consignee, description of articles, classification and date of removal by sale.

(3) First sale invoice shall show value of manufactured and traded articles separately so as to arrive at the excise duty payable on the manufactured articles.

(4) The invoice shall be prepared in duplicate and in the following manner, namely:-

- (i) The original copy being marked as ORIGINAL FOR BUYER;
- (ii) The duplicate copy being marked as DUPLICATE FOR ASSESSEE;

(5) The rules relating to digitally signed invoice under the Central Excise Rules, 2002 shall mutatis mutandis apply in relation to the digitally signed invoice under these rules.

**Explanation** - For the removal of doubts, it is hereby clarified that if any articles are lost, destroyed, found short at any time before the sale for the first time of the articles, the principal manufacturer shall be liable to pay duty thereon as if such articles were sold for home consumption for the first time from the registered premises or centrally registered premises or branches of such centrally registered premises, at a value equal to cost of raw material plus job charges paid by the principal manufacturer in case he had got such articles manufactured on job work basis. In other cases, the value of such articles will be the value of raw materials plus making charges of the manufacturer for similar articles.

10. Removal of inputs or semi-finished articles or finished articles for certain purposes-(1) A manufacturer or principal manufacturer, as the case may, may remove any inputs or semi-finished articles or finished articles for further processing, testing, repair, re-conditioning, hallmarking, display in exhibitions or for any other purpose including as samples, to some other premises, without payment of duty, if such removal does not involve sale, under a challan, issue voucher or any other document prepared by him for this purpose, duly signed by the manufacturer or principal manufacturer, as the case may be, or his authorised agent. Such challan or issue voucher or any other document shall contain the following details:

- (a) Name and registration number of the manufacturer or principal manufacturer, as the case may be;
- (b) Description and quantity of articles;
- (c) Name of the person carrying the articles along with his signature and proof of identity; and
- (d) Date of Removal.

(2) The manufacturer or the principal manufacturer shall account for the articles removed and returned in pursuance of sub-rule (1).

11. Receipt of duty paid articles for Certain Processes - (1) Where any articles on which duty had been paid at the time of their sale for the first time by the assessee from his registered premises or the centrally registered premises or branches of such centrally registered premises, are brought back as such, the assessee shall state the particulars of such receipt in his records as if they are traded articles and account for them in the trading stock account, provided no refund of excise duty is claimed.

12. Optional Scheme - (1) Notwithstanding anything contained in sub-rule (1) of rule (7) or sub-rule (3) of rule (8), the manufacturer or principal manufacturer, as the case may be, dealing in both manufactured and traded articles, may also pay excise duty on his first sale value, by treating his first sales during a month solely as sale of manufactured articles, if the quantity of such sales during the month is less than or equal to the opening stock of manufactured articles at the start of such month, at his own option, by giving a written declaration to the excise authorities having jurisdiction by the 28th day of February of the previous financial year:

**Provided** that for the financial year 201 6-1 7, such written declaration may be given to the Assistant Commissioner or Deputy Commissioner of Central Excise, as the case may be, having jurisdiction, by the 31st day of July, 2016:

**Provided** further that for the period beginning from 1st March, 2016 to 31st March, 2016 such declaration may be given by the 31st day of July, 2016:

(2) An option given under sub-rule (1) shall be valid for whole of the financial year for which it is given by the manufacturer or the principal manufacturer, as case may be.

(3) For availing the optional scheme under sub-rule (1) a manufacturer or principal manufacturer, as the case may be, shall maintain:

- a) A record containing the stock details of manufactured articles and traded articles separately for silver studded articles; gold or platinum articles studded with diamonds; and other gold or platinum articles, on weight or caratage basis; and
- b) A record of the value of such traded articles separately at their purchase prices.

(4) The opening stock, sales and closing stock of three types of articles, referred to in sub-rule (3), shall be calculated separately for assessing the excise duty payable during a month.

(5) The sales in excess of opening stock of manufactured articles, during a month shall be deemed to be sale out of the opening stock of traded articles on which no excise duty shall be payable.

(6) If the sales during a month are in excess of the sum total of the opening stock of the manufactured articles and opening stock of traded articles, then such excess sales shall first be deemed to be that of manufactured articles received during that month and the balance, if any, shall be deemed to be that of traded articles received during the month.

(7) If the sales during a month are less than the opening stock of manufactured articles, then the balance stock of manufactured articles shall be carried forward and the opening stock of manufactured articles for the succeeding month shall be the sum total of such carried forward stock of manufactured articles and quantity of manufactured articles received from the job worker's premises or manufactured, during the month.

Illustration 1 - A Manufacturer or a Principal Manufacturer (all figures in KG):

Has an opening stock as on 1st April	Manufactured stock	Traded stock
Silver studded articles	60	20
Gold or platinum articles studded with diamonds	30	20
Other gold or platinum Articles	20	20

Sells during the month of April	Total Sales
Silver Studded Articles	50
Gold or platinum articles studded with diamonds	30
Other gold or platinum Articles	20

Receives during the month of April	Manufactured stock	Traded stock
Silver studded articles	60	10
Gold or platinum articles studded with diamonds	30	30
Other gold or platinum Articles	20	40

As the sales during the month for the three types of articles are less than the opening stocks of such manufactured articles, the same shall be deemed to be that of manufactured articles only, as summarised below:

Quantity of articles deemed to be sold during the month of April	of Manufactured Articles	of Traded Articles
Silver studded articles	50	0
Gold or platinum articles studded with diamonds	20	0
Other gold or platinum Articles	10	0

Total excise duty payable by such manufacturer or principal manufacturer for the month of April shall be the sum total of the excise duty payable on:

- 50kg of silver studded articles,
- 20 kg of gold or platinum articles studded with diamonds, and
- 10 kg of other gold or platinum articles

After deducting the sales during the month of April, the closing stocks of manufactured and traded articles as on 30th April, which shall also be the opening stock as on 1st May, of three types of articles, with the manufacturer or principal manufacturer shall be as under:

Closing stock as on 30th April / Opening stock as on 1st May	Manufactured Stock	Traded Stock
Silver studded articles	70	30
Gold or platinum articles studded with diamonds	40	50
Other gold or platinum Articles	30	60

Illustration 2 - A Manufacturer or a Principal Manufacturer (all figures in KG):

Has an opening stock as on 1st April	Manufactured Stock	Traded Stock
Silver studded articles	60	20
Gold or platinum articles studded with diamonds	30	20
Other gold or platinum Articles	20	20

Sells during the month of April	Total Sales
Silver Studded Articles	50
Gold or platinum articles studded with diamonds	30
Other gold or platinum Articles	20

Receives during the month of April	Manufactured Stock	Traded Stock
Silver studded articles	60	10
Gold or platinum articles studded with diamonds	30	30
Other gold or platinum Articles	20	40

As the sales during the month for the three types of articles are more than the opening stocks of respective articles, the first sale equal to the opening stock of each type of articles shall be deemed to be that of manufactured articles of each type, as summarised below:

Quantity of articles deemed to be sold during the month of April	Of Manufactured Articles	Of Traded Articles
Silver studded articles	60	10
Gold or platinum articles studded with diamonds	30	10
Other gold or platinum Articles	20	10

Total excise duty payable by such manufacturer or principal manufacturer for the month of April shall be the sum total of the excise duty payable on:

- 60 kg of silver studded articles,
- 30 kg of gold or platinum articles studded with diamonds, and
- 20 kg of other gold or platinum articles.

After deducting the sales during the month of April, the closing stocks of manufactured and traded articles as on 30th April, which shall also be the opening stock as on 1st May, of three types of articles, with the manufacturer or principal manufacturer shall be as under:

Closing stock as on 30th April/ Opening stock as on 1st May	Manufactured Stock	Traded Stock
Silver studded articles	60	20
Gold or Platinum articles studded with diamonds	30	40
Other Gold or Platinum Articles	20	50

Illustration 3 - A manufacturer or a principal manufacturer (all figures in KG):

<b>Gold or Platinum articles studded with Diamonds</b>	30	20
<b>Other Gold or Platinum Articles</b>	20	20

<b>Sells during the month of April</b>	<b>Total Sales</b>
<b>Silver Studded Articles</b>	70
<b>Gold or Platinum Articles Studded with Diamonds</b>	60
<b>Other Gold or Platinum Articles</b>	30

<b>Receives during the Month of April</b>	<b>Manufactured Stock</b>	<b>Traded Stock</b>
<b>Silver studded articles</b>	60	10
<b>Gold or Platinum articles studded with diamonds</b>	30	30
<b>Other Gold or Platinum Articles</b>	20	40

In this case, the sales during the month for the three types of articles are more than the opening stocks of respective manufactured articles. Further, the sales of in respect of ‘gold or platinum articles studded with diamonds’ are even higher than the sum total of opening stocks of manufactured articles and traded articles.

That being so, the first sales equal to the opening stock of ‘silver studded articles’ and ‘other gold or platinum articles’ shall be deemed to be that of manufactured ‘silver studded articles’ and ‘other gold or platinum articles’ respectively.

However, in respect of ‘gold or platinum articles studded with diamonds’, the sales of 60 kg shall be first counted against that of opening stock of manufactured articles [that is 30 kg], thereafter against the opening stock of traded articles [that is 20 kg] and the balance [that is 10 kg] shall be counted towards the manufactured articles received during the month, as summarised below:

<b>Quantity of articles deemed to be sold during the month of April</b>	<b>Of Manufactured Articles</b>	<b>Of Traded Articles</b>
<b>Silver studded articles</b>	60	10
<b>Gold or Platinum articles studded with diamonds</b>	40	20
<b>Other Gold or Platinum Articles</b>	20	10

Total excise duty payable by such manufacturer or principal manufacturer for the month of April shall be the sum total of the excise duty payable on:

- 60 kg of silver studded articles,
- 40 kg of gold or platinum articles studded with diamonds, and
- 20 kg of other gold or platinum articles

After deducting the sales during the month of April, the closing stocks of manufactured and traded articles as on 30th April, which shall also be the opening stock as on 1st May, of three types of articles, with the manufacturer or principal manufacturer shall be as under:

Closing stock as on 30th April/ Opening stock as on 1st May	Manufactured Stock	Traded Stock
Silver studded articles	60	20
Gold or Platinum articles studded with diamonds	20	30
Other Gold or Platinum Articles	20	50

**Explanation - 1** - For the purposes of this option, exports by a manufacturer or a principal manufacturer, as the case may be, shall be counted towards the sale of manufactured articles during the month.

**Explanation - 2** - For the removal of doubts, it is hereby clarified that in case of stock transfer between two branches of a manufacturer or a principal manufacturer with centralised registration, as the case may be, which do not involve sale, there shall be no liability to pay excise duty at the stage of stock transfer, provided such stock transferred manufactured articles or traded articles are added in corresponding stocks of manufactured articles or traded articles of the recipient branch.

13. Stock of slow moving jewellery (“dead stock”). - (1) An assessee maintaining separate stocks of manufactured and traded articles and showing the value of such manufactured and traded articles separately in his first sale invoice shall treat his dead stock as that of manufactured articles or traded articles depending upon whether such dead stock is part of his stock of manufactured articles or traded articles, as the case may be.

(2) For an assessee, who opts to pay the excise duty as per the optional scheme under rule (12), if at the end of a particular return cycle, the cumulative sales for three types of articles, namely ‘silver studded articles; ‘gold or platinum articles studded with diamonds’ or ‘other gold or platinum articles’, as the case may be, on which duty has been paid or which have been exported till the end of that return cycle are more than or equal to the cumulative receipts of manufactured stock of such articles till the end of the return cycle, then the whole of the dead stock of such articles would be deemed to be that of traded articles, and new articles made out of such dead stock on its receipt back by the manufacturer or principal manufacturer, as the case may be, would form part of his traded stock of such articles.

(3) For an assessee who opts to pay the excise duty as per the optional scheme under rule (12), the cumulative sales of a particular type of articles on which duty has been paid or which have been exported till the end of a particular return cycle are less than the cumulative receipts till the end of that return cycle of such manufactured articles, then the dead stock of such articles at the end of such return cycle, equal to the difference between the cumulative receipts of manufactured stock and the cumulative sales till the end of such return cycle shall be deemed to be that of manufactured articles, and balance, if any, shall be considered as that of traded articles.

Thus, two alternative situations can be considered in treatment of the dead stock at the quarter end:

**Situation 1 - Cumulative sales at the end of return cycle are more than the cumulative receipts of manufactured articles:**

- i. Cumulative receipts of manufactured silver studded articles till the end of quarter is 100 kg
- ii. Cumulative sales of manufactured silver studded articles till the end of the quarter are 110 kg (out of which on 100 kg the manufacturer or principal manufacturer, as the case may be, has paid excise duty or which have been exported).
- iii. Then, whole of the dead stock silver studded articles at the end of such quarter shall be treated as that of traded stock and new articles made out of such dead stock on its receipt back would form part of traded stock.

**Situation 2 - Cumulative sales at the end of return cycle are less than the cumulative receipts of manufactured articles:**

- i. Cumulative receipts of manufactured silver studded articles till the end of quarter is 100 kg
- ii. Cumulative sales of manufactured silver studded articles till the end of the quarter are 90 kg (out of which on 90 kg the manufacturer or principal manufacturer, as the case may be, has paid excise duty or which have been exported).
- iii. Then, 10 kg [100 kg - 90 kg] of dead stock of silver studded articles at the end of such quarter shall be treated as that of manufactured stock and new articles made out of such dead stock on its receipt back would form part of manufactured stock. Any dead stock of silver studded articles at the end of such quarter in excess of 10 kg shall be deemed to be that of traded stock.

14. Provisions to apply mutatis mutandis. - Except as herein provided, all provisions of the Act and the Central Excise Rules, 2002, including those relating to registration, filing of returns, export without payment of duty and recovery of dues shall apply mutatis mutandis.

[F. No. 354/25/2016 -TRU (Pt.-I)]

(Anurag Sehgal) - Under Secretary to the Government of India



**CBEC prescribes 1% excise duty on Jewellery**

Seeks to amend notification No. 12/2012-Central Excise so as to prescribe 1% excise duty (without input and capital goods credit) on parts of articles of jewellery falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986), and to prescribe a criteria for classification of an articles of jewellery or part of articles of jewellery or both as that of a particular precious metal.

Government of India  
Ministry of Finance (Department of Revenue)  
Notification No. 26/2016-Central Excise  
New Delhi, the 26th July, 2016

G.S.R. (E).-In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2012-Central Excise, dated the 17th March, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide G.S.R. 163 (E), dated the 17th March, 2012, namely:-

In the said notification:

(A) In the Table, for serial number 199 and the entries relating thereto, the following shall be substituted, namely:

(1)	(2)	(3)	(4)	(5)
“199	7113	(I) Articles of jewellery	1%	16
		(II) Parts of articles of Jewellery	1%	16
		(II) Articles of silver jewellery, other than those studded with diamond, ruby, emerald or sapphire.	Nil	-”;
		<p>Explanation. - For the purposes of this exemption, -</p> <p>An article of jewellery or part of article of jewellery or both, produced or manufactured from an alloy (including a sintered mixture and an inter-metallic compound) containing precious metal may be treated as an article of jewellery or part of article of jewellery or both of a precious metal, if any one precious metal constitutes as much as 2% by weight of the article of jewellery or part of article of jewellery or both (excluding the weight of the precious or semi-precious stones, mounted or set), in accordance to the following :</p> <p>(i) an article of jewellery or part of article of jewellery or both, containing 2% or more, by weight, of platinum is to be treated as an article of jewellery or part of article of jewellery or both, of platinum;</p>		

[F. No. 354/25/2016-TRU (Pt. -I)]  
(Anurag Sehgal) - Under Secretary to the Government of India.

## CBEC notifies Registration Requirements for Jewellery Manufacturers

Seeks to amend notification No. 35/2001-Central Excise (N.T.) so as to:

(i) provide that a person engaged in the manufacture of articles of jewellery or parts of articles of jewellery or both, falling under chapter heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) may get himself registered by 31st day of July, 2016;

(ii) exempt a person engaged in the manufacture of articles of jewellery or parts of articles of jewellery or both, falling under chapter heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) from the requirement to submit plan of the factory premises under simplified registration procedure.

Government of India  
Ministry of Finance (Department of Revenue)  
Notification No. 38/2016-Central Excise (N.T.)  
New Delhi, the 26th July, 2016

G.S.R. (E). - In exercise of the powers conferred by rule 9 of the Central Excise Rules, 2002, the Central Board of Excise and Customs hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 35/2001-Central Excise (N.T.), published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide G.S.R. 464 (E), dated the 26th June, 2001, namely:

In the said notification:

(i) After clause (1), the following proviso shall be inserted, namely, -

“Provided that a person engaged in manufacture of articles of jewellery or parts of articles of jewellery or both, falling under chapter heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), either through a job-worker or otherwise, may get himself registered by 31st day of July, 2016.”.

(ii) After clause (7), the following proviso shall be inserted, namely, -

“Provided that in case of a manufacturer or principal manufacturer, as the case may be, of articles of jewellery or parts of articles of jewellery or both, falling under chapter heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), there shall be no requirement to submit plan of the factory premises, as provided under sub-clause (i).”.

[F. No. 354/25/2016 -TRU (Pt.-I)]  
(Anurag Sehgal) - Under Secretary to the Government of India

## Excise on Jewellery: Exemption Granted from filing of Annual Return

Seeks to amend notification No. 17/2006-Central Excise (N.T) dated the 1st August, 2006 so as to exempt a manufacturer or principal manufacturer of articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the Central Excise Tariff Act, 1985 (5 of 1986) from filing of annual return.

Government of India  
Ministry of Finance (Department of Revenue)  
Notification No. 39/2016-Central Excise (N.T.)  
New Delhi, the 26th July, 2016

G.S.R (E). - In exercise of the powers conferred by section 37 of the Central Excise Act, 1944 (1 of 1944) read with clause (b) of sub-rule (2) of rule 12 of the Central Excise Rules, 2002, the Central Government hereby makes the following amendment in the notification of the Government of India, Ministry of Finance (Department of Revenue) No. 17/2006-Central Excise dated (N .T.) 1st August, 2006, published in the Gazette of India vide number G.S.R. 455(E) dated the 1st August, 2006, namely:-

In the said notification, after clause (ii), the following clause shall be inserted, namely:-

“(iii) manufacturer or principal manufacturer, as the case may be, of articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986).”.

[F. No. 354/25/2016 -TRU (Pt.-I)]

[Anurag Sehgal] - Under Secretary to the Government of India