

Government Accepts HLC recommendations regarding Excise on Jewellery

Press Information Bureau,
Government of India,
Ministry of Finance,

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Government has accepted the recommendations of Sub-Committee of the High Level Committee to interact with Trade & Industry on Tax Laws on issues relating to compliance procedure for the excise duty, records to be maintained and other relevant administrative issues.

Government has also decided to increase the SSI Eligibility limit and SSI Exemption limit for manufacturers of articles of jewellery or parts of articles of jewellery or both.

1. In this year's Budget, a nominal excise duty of 1% [without input and capital goods credit] or 12.5% [with input tax credit] has been imposed on articles of jewellery with simplified procedures.
2. In this connection, the Central Government had constituted a Sub-Committee of the High Level Committee to interact with Trade & Industry on Tax Laws to interact with trade and industry on issues relating to compliance procedure for the excise duty, including records to be maintained and any other administrative issues that may be relevant.
3. Since then, the said Sub-Committee has submitted its report on 23-June-2016, and inter alia recommended the following:
 - a) No requirement to submit any ground plan of the premises for taking Excise registration;
 - b) Excise duty on jewellery is payable at first sale invoice value;
 - c) In case the invoice does not show excise duty separately, the value for VAT will be treated as cum duty value [value + excise duty];
 - d) No excise duty may be payable on the sale of traded goods;
 - e) Records maintained for State VAT and other private records, showing details of inputs, stocks, manufactured goods, sold/exported goods, etc. to be accepted for excise purposes. Stock details to be maintained on weight and caratage basis;
 - f) Movement of jewellery, which does not involve sale, for example, movement of jewellery, to be shown as samples, branch transfers not involving sale, for display in exhibition, for hallmarking, and for approval before sale, may not be liable to excise duty. No transit checks by excise officers;
 - g) when a retail customer brings jewellery [other than in form of gold or any precious metal] to a jeweller which is converted into new jewellery by the jeweller or a job worker of such jeweller, excise duty will be payable only on value addition, including cost of additional materials and labour charges charged, subject to the maintenance of certain records;
 - h) Repairs and alterations, which do not change the identity, character and use of the goods and do not result in a new item is not "manufacturing" and may not attract excise duty;
 - i) Excise duty of 1 % without input and capital goods tax credit or 12.5 % with credit may apply to parts of articles of jewellery, made of platinum, gold and silver;

- j) An optional scheme may be prescribed for jewellers who are not able to maintain separate physical stocks and / or records of manufactured and traded goods. For availing the optional scheme, a principal manufacturer of jewellery shall maintain separate stocks on weight and/or carat basis separately for:
- Silver studded jewellery;
 - Gold or platinum jewellery studded with diamonds; and
 - Other gold or platinum jewellery [that is other than gold or platinum jewellery studded with diamonds];
- k) No excise audit may be carried out, for the first two years, for units whose duty payment (cash plus credit) is less than Rs. 1 crore, [that is turnover of manufactured goods less than Rs. 100 crore.]
- l) No visit, search and seizure at job workers premises;
- m) No visit to premises of the principal manufacturer [jeweller], except on the basis of specific intelligence and with the approval of Commissioner or equivalent rank officer.
- n) Summons may be issued only with the approval of Commissioner;

All these recommendations of the Sub-Committee have been accepted by the Government.

4. In this context, independent of Committee's recommendations, the Government has also decided to increase eligibility limit and exemption limit, both, for manufacturers of articles of jewellery or parts of articles of jewellery or both:
- a) The SSI Eligibility limit increased from Rs. 12 Crore to Rs. 15 Crore;
 - b) The SSI Exemption limit increased from Rs. 6 Crore to Rs. 10 Crore in one financial year, and up to Rs. 85 lakh for the Month of March, 2016;

Content Courtesy: Taxguru.com