

CENTRAL EXCISE DUTY



ARTICLES OF JEWELLERY
EFFECTIVE FROM 17.03.2012

Glitters of the Gold

- ❑ Import of Gold in India: 1000 M.Ts.
- ❑ Share of unbranded jewellery in the market: Rs. 66,000 Crores (90%).
- ❑ Introduction of Gold Control Act in 1962, which lasted until 1992.
- ❑ Introduction of duty on branded jewellery in 2005.



Duty on bars & coins



- ☐ Serially numbered gold bars, other than tola bars, starting from the gold ore or concentrate in the same factory manufactured during the process of copper smelting : Excise duty @ 3%.
- ☐ Refined silver obtained from the smelting of copper: Excise duty @ 4%
- ☐ Branded Gold coins (purity 99.5% and above) and silver coins (purity 99.9% and above) manufactured from Customs duty paid goods: Exempted.
- ☐ Gold jewellery sold from EOUs into DTA: Duty increased from 5% to 10%.
- ☐ Articles of precious metals: the levy would continue for the goods manufactured or sold under a brand name.



Precious metal jewellery



- ☐ Articles of jewellery falling under Tariff Heading 7113:
- ☐ small objects of personal adornment (ex: rings, bracelets, necklaces, brooches, ear-rings, watch-chains, fobs, pendants, tie-pins etc.)
- ☐ articles of personal use carried in the pocket/ handbag (ex: cigar or cigarette cases, snuff boxes etc.)
- ☐ These articles may be combined or set, for example, with natural or cultured pearls, precious or semi-precious or synthetic stones, coral etc.

Duty on articles of Jewellery



- ❑ **Hitherto:** Excise duty of 1% adv. was applicable only for the precious metal Jewellery (Articles of jewellery falling under Heading 7113) manufactured or sold under a brand name.
- ❑ **Henceforth:** Excise duty of 1% adv. for both branded and unbranded goods.
- ❑ **Exclusion for:** Silver jewellery.
- ❑ **Valuation:** Duty is payable on the Tariff value prescribed ie. 30% of the “transaction value” declared in the invoice.

Who is the manufacturer?



- ❑ Every person who gets articles of jewellery produced or manufactured on job-work.
- ❑ Such person is liable to comply with statutory requirements:
 - ✓ Registration,
 - ✓ Maintenance of accounts,
 - ✓ Payment of duty,
 - ✓ Filing of Returns etc.

(Rule 12AA of the Central Excise Rules, 2002)

SSI Exemption

- ❑ SSI exemption is admissible upto the aggregate value of clearance of Rs. 1.5 Crores.
- ❑ Computation of aggregate value will be based on the tariff value.
- ❑ Effective SSI exemption is Rs. 5 Crores (Rs. 1.5 Crores / 30%).
- ❑ Imposition of levy from 17.3.2012. Therefore, SSI exemption upto Rs. 5 Crores is admissible for the period from 17.3.2012 to 31.3.2012.



SSI Eligibility

- ❑ Aggregate value of clearance during the preceeding financial year should not have crossed Rs. 4 Crores.
- ❑ Computation of aggregate value will be based on the tariff value.
- ❑ **Effective SSI eligibility for 2012-13:** value of clearances should not have crossed Rs. 13.33 Crores (Rs. 4 Crores / 30%) in the year 2011-12. (Notin. 15/2012 CE dt 16.3.2012).
- ❑ **Effective SSI eligibility for 2011-12:** value of clearances should not have crossed Rs. 4 Crores in 2010-11.





Query No.1

Whether Cenvat credit can be availed by the manufacturer for payment of Excise duty?

- ☐ No. The prescription of 1% duty vide Sl. No. 199 of Notification No. 12/2012 CE dt 17.3.2012 is subject to the condition that Cenvat credit cannot be allowed.



Query No. 2

What will be the impact of this levy on the ultimate consumer?

- ❑ The liability for the ultimate consumer is 0.3% of the cost of purchase,



Transaction value as per invoice (excluding VAT).	Rs. 1,00,000/-
Tariff value @ 30% of the transaction value.	Rs. 30,000/-
Excise duty @1% including Cess	Rs. 309/-
VAT liability	Rs. 1000/-

Query No.3



- ❑ Whether Artisans or goldsmiths who manufacture jewellery for others on job-work should obtain registration?

No. The liability is only on the principal manufacturer.

The option hitherto available for the job-worker to register has been withdrawn.



Query No.4



- ❑ What is the method for computation of the value of clearances prior to 17.3.2012?
- ❑ If the manufacturer had availed SSI benefit for the period upto 16.3.2012, such value is includible.
- ❑ Illustration:

	Rs. In lakhs		
Value of goods cleared upto 16.3.2012	140	145	0
Clearances from 17.3.2012 to 31.3.2012	30	100	510
Value for the purpose of SSI exemption.	9	30	153
Total value	149	175	153

Query No.5



- ❑ What is the SSI eligibility for current year and next year?
- ❑ The eligibility level for SSI exemption is based on the value of clearances during the preceeding financial year.
- ❑ The value of clearances should not have crossed the limit of Rs. 4 crores.

Value of goods cleared in	Rs. In lakhs	Eligibility for SSI exemption in the next financial year
2010-11	399	Yes
2010-11	401	No
2011-12	1332	Yes
2011-12	1334	No

Notifn. 15/2012 CE dt. 16.3.2012 prescribes eligibility for 2012-13 based on tariff value of the clearances of 2011-12. (Not applicable for 2011-12)

Query No.6



- ❑ What the SSI exemption is applicable for the principal manufacturer in respect of each job worker separately?
- ❑ No. Notification No.8/2003-CE dt. 1.3.2003 is categorical to the effect that aggregate value of clearances of all the goods manufactured through various job workers is to be taken into account for the purpose of
 - ✓ availment of exemption and
 - ✓ for determination of eligibility.



Query No. 7



❑ Should the job worker pay Service Tax as there is no Excise duty liability for him?

No. The activity of ‘manufacture as defined under Section 2(f) of the Central Excise Act, 1944 will not come under the ambit of Service Tax. “manufacture” includes any process incidental or ancillary to the completion of a manufactured product.



Query No. 8

What is “transaction value”?

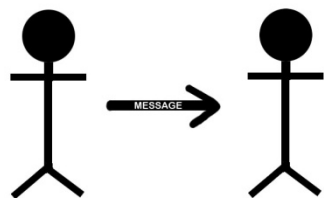
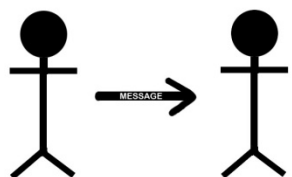
The price actually paid or payable for the goods, when sold, and **includes:**

- ✓ any amount that the buyer is liable to pay to, or on behalf of, the assessee, by reason of, or in connection with the sale,
- ✓ any amount charged for, or to make provision for, advertising or publicity, marketing and selling organization expenses, storage, outward handling, servicing, warranty, commission or any other matter;
- ✓ but does not include the amount of duty of excise, sales tax and other taxes, if any, actually paid or actually payable on such goods.



Query No. 9

Who is the manufacturer in the event of GOLD changing from various hands, prior to execution of work by Artisan/goldsmith?



❑ Every person who gets articles of jewellery produced or manufactured on job-work is the manufacturer as per Rule 12AA of the Central Excise Rules.

❑ Therefore, the person **who gets the work executed** by the Artisan/Goldsmith is to be regarded as the manufacturer.

❑ In the supply chain A-B-C-Goldsmith, 'C' will be the manufacturer as there is no explicit role for 'A' or 'B' with the Goldsmith.

Query No. 10



In the event of recycling of old Gold, what will be the transaction value? For example, 105 grams of jewellery is sold to the customer on exchange of 100 grams of old jewellery or gold coins.

- ❑ The transaction value is to be arrived at by including the value of consideration of the old jewellery in terms of the valuation Rules.
- ❑ Actual transaction value is the combination of:
 - ✓ receipt of value in money; and
 - ✓ value of the 100 grams of old jewellery or gold coins.





Query No. 11

Whether the jewellery shop, which purchases gold jewellery from another manufacturer is liable to pay duty?

- ❑ No. Central Excise duty liability is only on the manufacturer and not on the trader of Excisable goods.
- ❑ The requirement is that the goods are to be purchased under proper invoices containing the following details:
 - ✓ Serial No. & date of the invoice;
 - ✓ Name and address of the manufacturer;
 - ✓ Central Excise Registration Number;
 - ✓ Transaction value of the goods;
 - ✓ Central Excise duty paid/payable.

Query No. 12

Whether the Officers of the Department will visit the business premises of the manufacturers regularly?



- ☐ In the normal course of activities, Officers of the Department will not make regular visits.
- ☐ Assesssesees need not visit the field formations as facility is available for online transaction of all the activities;
- ☐ For the purpose of Audit and verification of the transactions, officers are empowered to visit the premises.
- ☐ To verify the genuineness of the visiting officers, request for production of the Identity card issued by the Department.



Registration process

- ☐ Log on to the website: www.aces.gov.in
- ☐ Click hyperlink "New users to sign up here".
- ☐ Create an user id of 6-12 alphanumerical characters, enter all other particulars in the data sheet and submit the same.
- ☐ A password will be delivered to your e-mail id.
- ☐ Using the id and password, log in and file the application in Form A-1.
- ☐ Assessee already in possession of Registration Certificate may approach the jurisdictional Range Superintendent for obtaining TPIN number and password for further transactions.

