

No excise duty on traded jewellery: CBEC

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The Finance Minister had imposed an one per cent excise duty on gold and diamond jewellery in this year's Budget

Levy will be imposed only on the first sale of jewellery

New Delhi, July 28:

Excise duty will be payable only on the first sale of jewellery and not on any items that are re-sold or traded.

In a detailed letter to field formations, the Central Board of Excise and Customs has also stressed that there should be no inconvenience to taxpayers due to the implementation of the new levy on jewellery.

“In many cases the manufacturer or the principal manufacturer, may be dealing in both the manufactured articles of jewellery and traded articles of jewellery...(he) 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,” it said, adding that excise duty liability will be determined accordingly.

The CBEC has also said that in case jewellers are not able to maintain separate stocks of manufactured and traded jewellery, they can join the optional scheme and maintain separate records for the items. Finance Minister Arun Jaitley had in the Union Budget 2016-17 imposed an one per cent excise duty on gold and diamond jewellery. The CBEC had set July 31 as the last date for payment of excise duty from March 1.

Taking note of the recommendations of the sub-committee that was set up to look into demands of jewellers, the CBEC has clarified that all jewellery which was manufactured and removed prior to February 29, from the premises of the job workers or any other manufacturing premises will not be liable to excise duty.

“The Central Government has issued following notifications and circulars to give effect to the Sub-Committee’s recommendations,” said the Finance Ministry on Thursday. But for jewellery lying in stock on February 29, the manufacturer will be expected to self-assess excise duty liability.

The CBEC has also said that there shall be no arrest or prosecution of manufacturers of jewellery where the duty evaded is less than ₹2 crore. Similarly, for cases with evasion of duty of less than ₹75 lakh, it has asked its officers not to make physical visits or conduct search and seizure. “In such cases, the investigation of the case may be done under summons,” it has asked its officials.

To prevent harassment of assesseees, it has also said that officers should not physically visit the premises of the manufacturers without specific intelligence and with the approval Commissioner or an equivalent rank officer.

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