

PRESS RELEASE

In this year's Budget, a nominal excise duty of 1% [without input tax credit] and 12.5% [with input tax credit] has been imposed on articles of jewellery. Even for this nominal 1% excise duty, manufacturers are allowed to take credit of input services, which can be utilised for payment of duty on jewellery.

2. Some doubts have been expressed by the trade and industry regarding this levy. In that context, salient features of this levy are explained as under:

1. Easy compliance with provision for on line application for registration, payment of excise duty and filing of returns, with zero interface with the departmental officers.
2. The central excise officers have been directed not to visit the premises of Jewellery manufacturers.
3. Articles of silver jewellery [other than those studded with diamonds, ruby, emerald or sapphire] are exempt from this duty.
4. An artisan or goldsmith who only manufactures jewellery on job-work basis is not required to register with the Central Excise, pay duty and file returns, as all these obligations will be on the principal manufacturers [Rule 12AA of the Central Excise Rules, 2002].
5. There is a substantially high Small Scale Industries excise duty exemption limit of Rs. 6 crore in a year [as against normal SSI exemption limit of Rs. 1.5 crore] along with a higher eligibility limit of Rs. 12 crore [as against normal SSI eligibility limit of Rs. 4 crore].
6. Thus, only if the turnover of a jeweler during preceding financial year was more than Rs. 12 crore, he will be liable to pay the excise duty. Jewelers having turnover below Rs. 12 crore during preceding financial year will be eligible for exemption upto Rs. 6 crore during next financial year. Such small jewelers will be eligible for exemptions upto Rs. 50 lakh for the month of March, 2016.
7. For determination of eligibility for the SSI exemption for the month of March, 2016 or financial year 2016-17, a certificate from a Chartered Accountant, based on the books of accounts for 2014-15 and 2015-16 respectively, would suffice.
8. Further, facility of Optional Centralized Registration has also been provided. Thus, there is no need for a jewellery manufacturer to take separate registrations for all his premises.
9. Field formations have been directed to grant hassle free registrations, within two working days of submission of the registration application. Further, there will be no post registration physical verification of the premises [online registration – <https://www.aces.gov.in/>].
10. Jeweler's private records or records for State VAT or records for Bureau of Indian Standards (in the case of hallmarked jewellery) will be accepted for all Central Excise purposes. Also, there is no requirement to file a stock declaration to the jurisdictional central excise authorities.

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11. Excise duty is to be paid on monthly basis and not on each clearance, with first installment of duty payment for the month of March, 2016 to be paid by 31st March for March, 2016.
12. A simplified quarterly return has also been prescribed, for duty paying jewelers [ER-8].
13. Moreover, simplified export procedure is available for exempted units [Part III of chapter 7 of CBEC's Central Excise Manual].

Useful link:<http://www.cbec.gov.in/htdocs-cbec/ub1617/do-ltr-jstru1-revised.pdf>