

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

**Government of India
Ministry of Finance
(Department of Revenue)
Tax Research Unit**

New Delhi, the 26th July, 2016

To,

Principal Chief Commissioners / Chief Commissioners of Central Excise (All);
Principal Chief Commissioners / Chief Commissioners of Customs & Central Excise (All);
All Director Generals of Customs, Central Excise & Service Tax

Madam / Sir,

Subject: General procedures regarding excise duty on articles of jewellery or parts of articles of jewellery or both falling under heading 7113 –regarding

In this year's Budget, central excise duty of 1% without input and capital goods tax credit or 12.5% with credit was imposed on articles of jewellery falling under heading 7113 of the First Schedule to the Central Excise Tariff 1985. Subsequent to that, the Government had set up a Sub-Committee of the High Level Committee, headed by Dr. Ashok Lahiri to interact with Trade & Industry on issues relating to procedure and compliance relating to excise duty of articles of jewellery. The Sub-Committee has given its report on 23.06.2016, which has been accepted by the Government.

2. In the above context, for manufacturers/principal manufacturers of articles of jewellery or parts of articles of jewellery or both, falling under heading 7113 of the Central Excise Tariff Act [hereinafter referred to as articles of jewellery], the Sub-Committee has made certain recommendations, which have been accepted by the Government and accordingly, it is hereby clarified that:

- i. A manufacturer or principal manufacturer of articles of jewellery may also do trading of articles of jewellery from his central excise registered premises.
- ii. For a jeweller [above the SSI excise duty exemption limit]:
 - (a) in case his first sale invoices show excise duty separately, the same will have to be paid to the Government; and
 - (b) in case his sale invoices do not show separately the excise duty, the value for VAT will be treated as cum excise duty value [that is value for excise duty plus excise duty] and duty payable will have to be determined accordingly.

- iii. No excise duty will be payable on the sale of traded articles of jewellery [on which appropriate excise duty, including nil duty, has already been paid].
 - iv. Records maintained for State VAT and other private records, showing details of inputs, stocks, manufactured goods, sold/exported goods, etc., as per the scheme opted by the jewellery manufacturer [Refer rule 12 of the Articles of Jewellery (Collection of Duty) Rules, 2016], will suffice for central excise purposes also.
 - v. For articles of jewellery manufactured on job work basis, the procedure as prescribed in the Articles of Jewellery (Collection of Duty) Rules, 2016 is to be followed. Accordingly, the procedure prescribed for job work under notification No. 214/86-CE will not be applicable on manufacture of articles of jewellery on job work basis.
 - vi. 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 will not attract excise duty.
3. Hindi version will follow. Trade Notice/Public Notice may be issued on the above lines.
4. Difficulties faced, if any, in implementation of this Circular may be brought to the notice of the Board.

(Anurag Sehgal)
Under Secretary to the Government of India