

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: Taxability of stock on February 29, 2016 - Excise duty imposition on articles of jewellery in the Budget 2016-17 - 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. The Sub-Committee in its report has examined in detail excise duty liability on stock on 29th February, 2016 and has given its recommendations on the issue. Accordingly, it is hereby clarified that:

- i. All jewellery manufactured and removed, on or before February 29, 2016, from the premises of the job workers or any other premises where such articles of jewellery were manufactured, and
 - (a) lying at different premises (including branches) of the principal manufacturer, or
 - (b) sent on approval to potential customers,will not be liable to excise duty. Furthermore, no stock declaration is required to be filed by a jeweller for this purpose with the jurisdictional central excise authorities.
- ii. For the stock lying, as on February 29, 2016, with the job worker or any other premises where articles of jewellery were manufactured [including finished articles of

jewellery as well as work in progress], the manufacturer or principal manufacturer, as the case may be, shall self-assess excise duty liability on such articles of jewellery or articles of jewellery manufactured out of such work in progress, received on and after 1st March, 2016, at the point of first sale of such articles of jewellery as per the Articles of Jewellery (Collection of Duty) Rules, 2016.

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