



LEVY OF EXCISE FOR JEWELLERY INDUSTRY

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Excise will not be levied on mere purchase and sale – trading activity (will attract only VAT)

Central Excise is a duty on manufacture. A process where a new product emerges – input and output product are different – will be called '*manufacture*'. (Generally, only 1 person in an entire process chain pays ED)

Gold Manufacturer has 2 options- Collect & Pay:

- a.) 1% ED (without CENVAT)
- b.) 12.5% ED (with CENVAT)

CENVAT is an option where the ED paid at the time of purchase of Gold can be set-off on the ED payable at the time of Sale of Jewellery

Steps towards compliance with Central Excise:

- a.) ED will be on the person who gets articles of jewellery made from the job worker & NOT on job-worker
- b.) Take Registration (any office from where centralised billing is made can alone be registered) – Central Excise officer will not come for Physical Verification of premises
- c.) Record to be maintained of raw materials purchased, sent to job-worker, received from job-worker of finished jewellery
- d.) Prepare Excise Invoice on every removal from the registered premises of jewellery

Documents:

- a.) Documents maintained by the jewellery manufacturers for State VAT or Bureau of Indian Standards (in the case of hallmarked jewellery) shall be accepted for Excise purposes also
- b.) Private records of the jewellery manufacturers, giving details of daily stock for his own purposes shall be accepted for Rule 10 of the Central Excise Rules 2002
- c.) Will be eligible for a simplified return applicable for optional excise duty of 1% without CENVAT credit under notification No.1/2011-CE

SSI (Small Scale Industry):

- a.) If FY 2015-16 turnover < Rs.12 Crores (SSI), March 2016 no excise upto Rs.50 Lakhs
- b.) If FY 2016-17 turnover < Rs.12 Crores (SSI), then during FY 2017-18, upto Rs.6 Crores exempt
- c.) Quarterly payment & quarterly return for SSI

CENVAT Credit:

CA certificate will be required on the stock of finished goods, goods-in-process and inputs as on 29.02.2016. However, NO stock declaration to be made to the central excise authorities

Times are changing. Early registration & compliance with Excise Law will give Competitive Advantage

Under the current law, powers of Search, Seizure or arrest can be done only with concrete evidence and sanction from Joint Commissioner or Addnl. Commissioner or Commissioner of Central Excise

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