

Addressing the concerns of the- JEWELLERY-TRADE & INDUSTRY

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 with simplified procedures. Salient features of the simplified procedures for this levy have been explained vide press release issued by the Government on 4th of March, 2016.

2. In this connection, on 17th of March, 2016, a number of representatives of jewellery industry met Secretary (Revenue) and Chairman (Central Board of Excise & Customs) to discuss the concerns regarding imposition of this levy.
3. During the meeting, the aforesaid representatives *inter-alia* raised the following issues:
 - a) Re-imposition of levy will bring back regime of erstwhile Gold control Act leading to harassment of Jewellers, especially artisans and small goldsmiths.
 - b) This will also result in visits of Inspectors to the Jewellers thereby bringing back the days of Inspector Raj.
 - c) Who has to take excise registration and file return?
 - d) What documents are to be maintained for excise purposes?
4. The representatives of industry also requested for increase in exemption limit of Rs. 6 Crore in a year to Rs. 10 Crore, and urged for an early consideration of the same.
5. Regarding concerns relating to procedures and compliance to the levy, the representatives of industry were informed that all these issues have already been clarified vide Chairman's D.O. letter dated 3rd March, 2016 to field formations and the Press release dated 4th March, 2016, copies of which were also provided to them.

Further, in the meeting, the following was clarified:

- a) In case of jewellery manufactured on job work basis, the liability to take registration, pay duty and to file return is on the principal manufacturer and not on the job worker.
- b) Further, exemption from excise duty up to the clearance limit of Rs. 6 Crore is available to a jewellery manufacturer if his aggregate value of domestic clearances is less than Rs. 12 Crore in the preceding financial year.
- c) Artisans and job-workers are not covered within the ambit of this duty and thus they are not required to take registration, pay duty, file returns and maintain any books of account.
- d) A jewellery manufacturer having turnover less than Rs. 12 Crore during the preceding financial year and less than Rs. 6 Crore in the current financial year is not required to take registration and file return.
- e) Application for excise registration as well as returns can be filled online [<https://www.aces.gov.in/>].
- f) Directions have been issued to the field formations to provide hassle free registration within two working days. There will be no post registration physical verification of the jeweller's premises.
- g) There is no requirement of declaring pre-budget stocks. Directions have also been issued barring any visits to the jeweller's premises.
- h) Jeweller's private records or his records for State VAT or for Bureau of Indian Standards (in the case of hallmarked jewellery) would be accepted for all Central Excise purposes.

Useful links: 1) <http://www.cbec.gov.in/htdocs-cbec/ub1617/do-ltr-jstru1-revised.pdf>
2) <http://pib.nic.in/newsite/mbErel.aspx?relid=137342>

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Directorate General of Taxpayer Services

CENTRAL BOARD OF EXCISE & CUSTOMS

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COMMITTED TO TAXPAYER SERVICES

Addressing the concerns of the- JEWELLERY-TRADE & INDUSTRY regarding imposition of Central Excise duty

CONSTITUTION OF SUB-COMMITTEE OF THE HIGH LEVEL COMMITTEE

In the Budget 2016-17, Central Excise duty at the rate of 1% (without Input tax credit) and 12.5% (with Input tax credit) has been imposed on all articles of jewellery (except for silver jewellery, other than those studded with diamond, ruby, emerald or sapphire).

In this regard, the government has, vide Circular No. 1021/9/2016-CX dated 21st March, 2016, decided to constitute a Sub-Committee of the High Level Committee to Interact with Trade & Industry on Tax Laws, chaired by Dr. Ashok Lahiri, which will consist of:

- three representatives of the trade (to be decided by the Government);
- one legal expert (to be decided by the Government);
- officer concerned from the Ministry of Commerce & Industry (MoC&I) to be nominated by the MoC&I; and
- high level officials from the Central Excise department to be nominated by the Central Board of Excise and Customs.

The composition of the Sub-Committee will be circulated once the names of its members are finalized.

All associations will be given an opportunity to submit representation before the Sub-Committee in writing and the all India associations to state their case in person.

Terms of reference of the Sub-Committee will include the issues related to compliance procedure for the Excise Duty, including records to be maintained, forms to be filled including Form 12AA, operating procedures and any other issued that may be relevant. The Sub-Committee will submit its report within 60 days of its constitution.

All the recommendations of the Sub-Committee are finalized, the following shall be adhered to:

- All payments of Central Excise Duty will be based on first sale invoice value;
- The Central Excise authorities will not challenge the valuation given in the invoice provided the caratage/purity and weight of the gold/silver with precious stones; and carats of diamond/precious stones are mentioned on the invoice;
- The Central Excise officers will not visit the manufacturing units/ shops/ place of business/residence of the jewellers;
- No arrest or criminal prosecution of any Jeweller will be done;
- No search or seizure of stocks by any Central Excise official will be effected;
- Exporters will be allowed to export on self declaration and submission of LUT to Customs without the need to get LUT ratified by Central Excise. Prevailing system will continue.

The registration of the establishment with the Central Excise department can be taken within 60 days from 1st March, 2016. However, the liability for payment of Central Excise Duty will be with effect from 1st March, 2016, and as a special case for the month of March, 2016, the assessee jewellers will be permitted to make payment of Excise Duty along with the payment of Excise Duty for the month of April, 2016.

Any further communications with regard to the aforesaid Sub-Committee may be addressed to the Office of the High Level Committee (HLC), Suite No. 215, The Janpath Hotel, Janpath Road, Opp. BSNL Building, New Delhi-110001.

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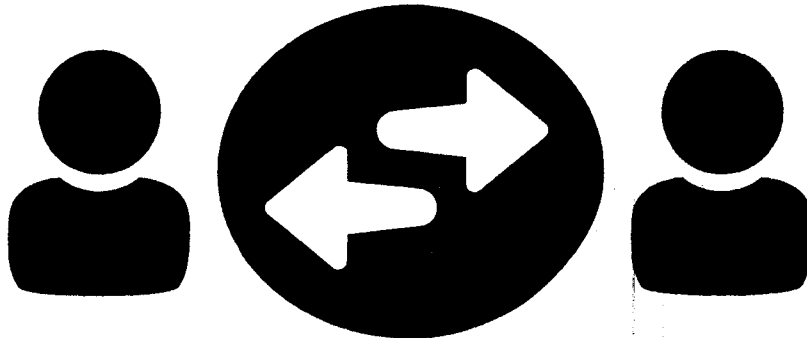
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We endeavour to provide services of high standards.
For unresolved issues -

CBEC has an effective multi-optional Grievance Redressal System for Central Excise, Service Tax & Customs issues.



For us, tax administration is a two-way communication process.

WHOM TO APPROACH

- Public Grievance Officer (PGO)* designated in each Commissionerate / Customs House.
- If response is unsatisfactory, the jurisdictional Commissioner / Chief Commissioner* can be approached.
- At the Board level, Commissioner (Publicity)* nominated as the Public Grievance Officer.

E-SOLUTIONS

- > E-helpline in every zone.
- > CPGRAMS, a web-based application with facility for acknowledgement monitoring & replying grievances (www.pgportal.gov.in).

IMPORTANT INITIATIVES TAKEN

- Senior officers to meet taxpayers every Wednesday morning to resolve grievances.
- Taxpayer Service Centre setup in every Commissionerate.

INSTITUTIONAL FRAMEWORK

- Grievances can be raised in the meetings of :-
 - Public Grievance Committee / Permanent Trade Facilitation Committee / Regional Advisory Committee.
 - Multi-department Customs Clearance Facilitation Committees set up to expedite clearance of EXIM goods.

OMBUDSMAN

- > Ombudsman (at Delhi, Lucknow, Kolkata, Chennai, Bangalore, Mumbai & Ahmedabad)* can be approached regarding :-
 - Delay in registration, adjudication, sanction of rebates and refunds.
 - Giving effect to appellate orders.
 - Release of seized books of account & assets.
 - Non-acknowledgement of letters or documents sent to the department.

* For details, visit www.cbec.gov.in

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