

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: Export related procedural simplifications - excise duty on articles of jewellery 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 this context, pending finalisation of the procedure for exports, in consultations with the Department of Commerce and trade and industry, -

(i) There shall be no requirement for taking central excise registration by a manufacturer or principal manufacturer or a jeweller, who exports 100% of articles of jewellery manufactured by him or got manufactured by him on job work basis, subject to the following conditions that:

- a) the manufacturer or principal manufacturer or a jeweller, as the case may be, gives a bank guarantee for excise duty payable of articles of jewellery [over and above the bank guarantee for customs duty on gold and VAT payable on articles of jewellery] with the nominated agency/authorised bank;

- b) in case of default in fulfilment of his export obligation, the manufacturer or principal manufacturer or a jeweller, as the case may be, shall take central excise registration;
- c) either the manufacturer or principal manufacturer or a jeweller, as the case may be, shall pay the excise duty on the articles of jewellery sold to the domestic buyers on first sale basis or the nominated agency/bank shall release bank guarantee equal to excise duty payable on the articles of jewellery [provided the customs duty on gold content in the jewellery and VAT payable on such articles of jewellery has been paid by the manufacturer or principal manufacturer or a jeweller or bank guarantee equivalent to that has been released by the nominated agency / authorised bank]; and
- d) in case there are no sales to domestic tariff area for subsequent return cycles, such unit will file nil return for such return cycles.

(ii) Exporters may continue to export articles of jewellery, as provided by the circular no. 1021/9/2016-CX dated 21.03.2016, on self-declaration and submission of Letter of Undertaking [LUT] to customs without the need to get such LUT ratified by the jurisdictional central excise authorities, till the detailed procedures in this regard are put in place.

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