



# GOLD JEWELLERY INDUSTRY

STANDARD OPERATING PROCEDURE



Sponsored by Ministry of Commerce & Industry  
Govt. of India

**GOLD**   
**JEWELLERY**  
**INDUSTRY**  
**STANDARD OPERATING PROCEDURE**

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PIYUSH GOYAL



सत्यमेव जयते

वाणिज्य एवं उद्योग,  
उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण तथा  
वस्त्र मंत्री, भारत सरकार  
MINISTER OF COMMERCE & INDUSTRY,  
CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION AND  
TEXTILES, GOVERNMENT OF INDIA



### MESSAGE

I am delighted to learn that the Gem & Jewellery Export Promotion Council (GJEPC) in collaboration with Economic Laws Practice (ELP) is publishing a Standard Operating Manual for the gold jewellery industry.

The Indian Gems and jewellery industry has become one of the most important industries of the Indian economy due to its immense contribution in India's manufacturing output, exports and providing employment to millions of people. The development of this industry is in line with Hon'ble Prime Minister Shri Narendra Modi ji's vision of 'Vocal for Local' and being 'Aatmanirbhar' in the gems and jewellery sector.

Over the years, GJEPC has made commendable efforts towards steering the export growth of the Indian gems and jewellery sector. I'm hopeful that this manual will greatly assist and uplift the gems and jewellery industry, especially MSMEs by reducing the compliance cost and bringing consistency and uniformity in the compliances for the gems and jewellery sector, thereby supporting the Government's vision of Ease of Doing Business in the country. The simplification of compliances in this manual will not only be beneficial for the members of the industry but will also strengthen India's status as a manufacturing hub for gold jewellery globally.

I congratulate GJEPC and ELP for the publication of this valuable manual and wish them all success in their future endeavours.

Piyush Goyal

## FOREWORD

**A**t the outset, we at GJEPC applaud the Government of India for introduction of GST and various other regulatory overhauls, which have significantly increased ease of doing business in the country as also created an unforeseen momentum in business activity.

As with every major overhaul, GST too had its initial teething issues for the Gems & Jewellery Sector, especially on the small and medium businesses (SMEs). This burden was primarily on account of the digitalisation of compliances required and the dependency it created on SMEs business to engage consultants, thereby resulting in an additional cost to the businesses. This industry is unique when compared to other major industries given that every product manufacture is distinct from others even though made with the same material and thereby creating a variation in their values. More importantly, the manner in which transactions in this industry are carried out are varied and wide-spread, on account of the wide spectrum of businesses involved in this industry. Further, unlike other industries, members of this G&J industry also have a continuous engagement with their customers, who in variety of transactions may also be the provider of raw material, of which the output is the final product by the jeweller.

With a view to facilitate the gold jewellery manufacturing industry and to make SMEs engaged in this industry atmanirbhar, we at GJEPC (in association with Economic Laws Practice, a firm engaged with this industry for more than 2 decades) have put together a manual which not only deals with but elaborates and analyses from a legal perspective the wide nature of transactions that the gold jewellery industry faces. This manual sets out the general compliances required to be undertaken by the gold jewellery industry from the perspective of (a) Customs Law, (b) Foreign Trade Policy ('FTP'), (c) Goods and Services Tax, (d) Income Tax and (e) Hallmarking.

We believe that this manual will go a long way in acting as a ready reckoner for the SME businesses of this industry, which are spread across the length and breadth of this country from small villages to large metropolitan cities. The purpose of this manual is not just to facilitate self-compliance with applicable legislations, but also to bring a uniformity in the way varied transactions are recorded and compliances therefore carried out by various jewellers in the country. This manual will also facilitate the authorities in adopting a standard norm of assessment of these transactions, the compliances needed to be carried out as also the records to be maintained.

While the first edition of this manual is in English, there is an intent of translating the same into various Indian languages in due course with a view to facilitate the members of this industry. The manual issued will also be launched as an e-book with relevant hyper-linked references which would enable a reader to go to specific transactions from the index and thereafter to duly linked legal provisions to the Government web-site and document templates which have been incorporated in the manual. A series of view training sessions will also be launched in English and other local languages to facilitate the reader on the manner of referring the book and usage thereof.

Lastly, a big thank you to our partners, Economic Laws Practice. Their long-standing association and understanding of this industry has helped effectively articulating the different transactions of the industry and analysing them in light of applicable legal provisions.

We hope this manual goes a long way in supporting this industry and making them atmanirbhar carrying out compliances as also bringing about uniformity and consistency in the procedures followed by the industry as well as tax / regulatory implications considered in relation to each of the transactions. This will reduce ambiguity and thereby controversies by enabling authorities to assess different players of this industry in a non-differential manner.

We now call upon every member of this industry to take maximum advent of this manual. Every member of this industry is also requested to revert with any comments / thoughts / suggestions they may have to further improve on this document for the benefit of their fellow industry.

This document is for reference purposes only and is not intended to provide legal, financial or professional advice. The information contained herein is based on the best knowledge and understanding available at the time of preparation. However, it may not be comprehensive, accurate, or up to date. The document is provided 'as is' without any warranties, express or implied.

Any reliance on the information contained in this document is at the sole discretion and risk of the reader. The reader should consult with appropriate professionals or experts for specific advice or information tailored to their particular circumstances.

**Vipul Shah**  
Chairman, GJEPC

## PREFACE

**T**he Gems and Jewellery industry is unique from a number of aspects compared to other industries in the manufacturing sector. Each item produced by this industry is different from the other and there cannot be a standardisation expected or implemented for this industry. Having said so, it cannot be denied that members of this industry are located and operate from the remotest part of the country, catering to every stratum of the population.

The introduction of GST jointly with the requirement for adopting a large-scale digitisation, has entailed the need for businesses to be well aware of not only the compliances to be carried out but also the legislative diktat which mandates such compliances. In a welcome move, GJEPC commissioned the creation of a Standard Operating Procedures (SOP) Manual that would provide in simple terms the compliance requirements to be undertaken by the industry members for their various complex transactions. This manual addresses compliances to be undertaken in relation to the following regulations: (a) Customs Law, (b) Foreign Trade Policy, (c) Goods and Service Tax Law, (d) Income Tax, (e) Hallmarking.

We, at ELP are thankful to GJEPC for recognising our experience of working for and serving this industry for more than two decades and thereby trusting us with the task of preparing this manual. In the process of our putting together this manual we had the opportunity of having a detailed interaction with a wide cross-section of the industry and we take this opportunity to thank them for their time, inputs and support in helping us understand the nuances of this industry better and putting together the present manual.

**Nishant Shah**

Senior Partner

Economic Laws Practice

Advocates and Solicitors

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# Chapter One: **METHODOLOGY**



## I. Legislations Covered

The objective of the exercise is to prepare a document setting out the general compliances and a standard procedure for business operations which are required to be undertaken by the gold jewellery industry from the perspective of the legislations ('**relevant legislations**') encompassing the following subjects:

- A. Customs Law
- B. Foreign Trade Policy ('**FTP**')
- C. Goods and Services Tax Laws ('**GST Laws**')<sup>1</sup>
- D. Income Tax Laws ('**IT Act**')
- E. Hallmarking Laws ('**Hallmarking compliances**')

## II. Meetings Undertaken

For purposes of undertaking and preparing the present Standard Operating Procedure ('**SOP**'), meetings were held between team members of Economic Laws Practice and the members of the gold jewellery industry ('**Industry Members**' or '**Jewellers**').

During the course of these meetings, the manner in which various transactions are carried out by the Industry Members under the broad stages of (1) Procurement, (2) Manufacture and (3) Sales were discussed. Additionally, various aspects of the trade such as compliances which are being presently undertaken and the practical issues faced were also discussed.

The aforesaid transactions are covered in detail on the subsequent pages of the present SOP and the implications pertaining to such transactions as applicable under the above stated laws, along with the compliances required are set out.

### **Additionally, separate sections have been inserted in the SOP for:**

- A. General compliances and tax rates prescribed under the relevant legislations.
- B. Standard template to be followed for issuance of documents such as tax invoice, credit note, debit note, delivery challan.
- C. The records and registers to be maintained by the Jewellers under the relevant legislations.

- D. Timeline of compliance requirements under the relevant legislations.

## III. Scope Limitation

- A. The SOP is based on our understanding of the laws and regulations prevailing as of 15<sup>th</sup> June 2023 and our relevant past experience with the revenue authorities.
- B. However, there can be no assurance that the tax authorities or regulators may not take a position contrary to our views.
- C. Legislation, its judicial interpretation, and the policies of the regulatory authorities are also subject to change from time to time, and these may have a bearing on the SOP that we have given.
- D. In no event shall The Gem and Jewellery Export Promotion Council [GJEPC] or its employees, agents, or representatives be liable for any direct, indirect, incidental, special, or consequential damages arising out of or in connection with the use of this document or the information contained herein.
- E. This document may not be reproduced, distributed, or transmitted in any form or by any means, electronic or mechanical, without the prior written consent of GJEPC.
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*"Goods and Service Tax Laws" includes the following,*

*a. The Central Goods and Service Tax Act, 2017;*

*b. Integrated Goods and Service Tax Act, 2017;*

*c. All relevant rules, regulations, notifications, circulars etc. issued under (a), (b) and (c);*



# Chapter Two: **PROCUREMENTS**



## I. Background

The Industry Members, based on the structure of their businesses, procure gold in multiple modes such as, (a) procurement from nominated agencies or banks, (b) gold given by the customer (old gold transactions), and (c) procurement of bullion against sale of jewellery, etc. before undertaking manufacture of jewellery.

In this part of the SOP, the common methods of procurement have been deliberated upon, along with the key compliances which should be kept in mind at the time of procurement.

## II. Direct Procurement

Industry Members procure gold (in purity of 24 Karat) from nominated agencies and bullion trading houses, on an outright purchase basis. The procured gold is in form of gold bars, biscuits, etc. having purity of 995 to 999.

The manner of placing the order is (a) verbal, (b) by issuance of a written purchase order, or (c) online through the website / application of nominated agency.

The tax invoices issued by the nominated agencies include disclosure of the following:

- A. Purity of gold being purchased (999 or 995).
- B. Bullion serial number along with certificates.

*Note: The above disclosures may not be available in all the consignments. In addition to the legal implications provided in below paragraphs, the nominated agencies may as per their procedures, seek additional information / documents from the Industry Members.*

### A. GST Laws:

#### a. Valuation

- i. Transaction value, i.e., price actually paid or payable, shall be the value of procurement if the transaction is with unrelated person where price is the sole consideration.
- ii. The said value is based on the quoted market price of gold on bullion exchanges as on the date of the transaction, however the same may vary on various factors.

#### b. Classification and Tax Rates:

- i. The gold (in form of bars or other unwrought forms) procured is classifiable under HSN heading 7108.
- ii. The applicable GST rate on the bullion is 3%.

#### c. Key documents:

- i. Supplier is liable to issue a Tax Invoice.
- ii. The particulars to be disclosed on such invoice have been set out in Chapter Seven: Tax Rates, Procedures and General Compliances of the SOP [[refer to para II K b i on page no. 71](#)].
- iii. If the turnover of the vendor exceeds INR 10 crores [or INR 5 crores with effect from 01.08.2023] in a financial year, such vendor is required to issue an electronic invoice (e-invoice). E-invoicing related provisions are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b ii on page no. 71](#)].
- iv. The tax invoice or e-invoice, as may be applicable, is to be issued by the vendor at the time of removal of goods for supply.
- v. A template of tax invoice is provided in Chapter Eight: Formats and Appendix [[refer to para II A on page no. 97](#)].

#### d. Credit Notes and Debit Notes:

- i. Procurement of gold may also involve the purchase of gold on an unfixed price basis, where the value (on the date of sale) is adopted after the interval of a few weeks leading to situations such as:
  - **Issuance of credit note** – if the settlement value is lower than the value initially quoted on the invoice
  - **Issuance of debit note** – if the settlement value is higher than the value initially quoted on the invoice
- ii. Additional instances where the vendor may issue credit or debit note:
  - **Credit Notes:**
    - taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or
    - where the goods supplied are returned, or
    - where goods supplied are found to be deficient
  - **Debit Notes:**
    - taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply

- iii. A single debit or credit note can be issued against multiple invoices. However, reference to each of the invoice shall be disclosed on such debit or credit note being issued.
- iv. Time limit for issuance of credit note: Credit Notes for a financial year can be declared in GST returns filed up to 30th November of subsequent financial year.
- v. Particulars to be mentioned in debit or credit notes are stated in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II K b iv on page no. 76 \]](#).
- vi. There is no time-limit for the issuance of a debit note.

**e. Input tax Credit (“ITC”):**

- i. Buyer is eligible to claim the credit of bullion procurement subject to the conditions set out in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II H on page no. 68 \]](#).
- ii. The ITC on such transactions to be availed by way of reporting of details in Form GSTR-3B.
- iii. ITC can be availed only if the Form GSTR-2B of the Buyer reflects the invoice issued by the Supplier.
- iv. ITC pertaining to a financial year can be availed in the GST returns filed up to 30th November of the next financial year.
- v. In case a credit note is issued by the supplier against an invoice on which ITC has been availed, the buyer has to commensurately reduce the ITC availed.
- vi. The ITC related disclosures in Form GSTR-3B are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II f ii on page no. 80 \]](#).

**f. Other Nuances:**

- i. Receipt of goods directly at job-worker’s premises:
  - The seller is required to issue a Bill to-Ship to invoice with the buyer (jeweller) being the “bill-to” party whereas the job-worker to be the “ship-to” party.
  - The principal is permitted to avail ITC on such procurements.

- Principal is required to issue a delivery challan even in cases the goods are directly sent by the seller to the job-worker. Such delivery challan to contain the particulars as stated in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II K b iii on page no. 75 \]](#).
- A template tax invoice is provided in Chapter Eight: Formats and Appendix [\[refer to para II A on page no. 97 \]](#).
- A template delivery challan is provided in Chapter Eight: Formats and Appendix [\[refer to para II D on page no. 100 \]](#).

ii. Requirement of Purchase Order:

- Purchase order is not a mandatory document in terms of CGST Act & Rules framed thereunder.
- However, in practice, one may adopt and issue such documents while procuring gold.
- The said document aids in reconciliation of stock, agreed prices and in departmental scrutiny or audits.

**B. IT Act:**

**a. TDS Implications:**

- i. The buyer is required to deduct TDS at the rate of 0.1% under Section 194Q of the IT Act.

*Note: the above TDS requirement does not apply for the transactions up to INR 50 lacs in a financial year.*

- ii. The details of tax, so deducted, is required to be reported quarterly in Form 26Q.
- iii. Additionally, TDS Certificate in Form 16A is to be furnished on a quarterly basis to the seller.
- iv. The relevant dates for undertaking above compliances is covered separately in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para III G c and III G d ii on page no. 87 \]](#).

**b. Computation of taxable income:** Subject to conditions prescribed under the IT laws, the purchases can be claimed as a deduction in the computation of taxable income, liable to tax as profits and gains of business.

**C. Hallmarking compliances:**

Not applicable

### III. Gold received against sale of jewellery

The Industry Members, procure gold (in form of bars, biscuits, etc.) against sale of the manufactured jewellery to the same entity. The modus operandi of such transaction is:

- A sale invoice is received by the Industry Members for gold bullion procurement; and
- A sale invoice is issued by the Industry Members for sale of jewellery.

The differential amount, if any, between the two transactions, is generally settled in monetary terms.

#### A. GST Laws:

The supply of goods by the jeweller to the buyer, and the supply of bullion by the buyer would be considered as two distinct supplies since separate invoices are raised in this regard.

In case the seller of the bullion does not issue a separate invoice for the said bullion supply, the same will be treated as a consideration for the supply of jewellery made by the jeweller.

#### a. Valuation:

- i. In case separate invoices are raised by the buyer and seller:
  - Transaction value (price quoted on the invoice) shall be the value of procurement if the transaction is with unrelated person where price is the sole consideration.
  - Transaction with related person: Valuation rules as set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II G c on page no. 68 ] shall be complied with.
- ii. In case separate invoice is not raised by the seller of bullion (buyer of jewellery):
  - The bullion exchanged would be considered as consideration for sale of jewellery. Thereby, no valuation implications on the procurement side of the transaction. However, an invoice for sale of jewellery will have to be raised.

#### b. Key documents:

- i. In case separate invoices are raised by the buyer and seller:

- Bullion supplier:
  - Supplier is liable to issue a Tax Invoice.
  - Such invoice shall consist of particulars as set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II K b i on page no. 71 ].
  - If the turnover of the vendor exceeds INR 10 crores [or INR 5 crores with effect from 01.08.2023] in a financial year, such vendor is required to issue an e-invoice. E-invoicing related provisions are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II K b ii on page no. 71 ].
  - The tax invoice or e-invoice, as applicable, shall be issued by the vendor at the time of removal of goods.
  - A template of tax invoice is provided in Chapter Eight: Formats and Appendix [refer to para II A on page no. 97 ].

#### - Supplier of jewellery:

- Covered in Chapter Four: Domestic Sales [refer to para VI on page no. 36 ].

#### ii. In case separate invoice is not raised by the seller of bullion (buyer of jewellery):

- Bullion received would be the consideration for the sale of jewellery.
- Implications of the same are covered in Chapter Four: Domestic Sales [refer to para VI on page no. 36 ].

#### c. ITC:

- i. Buyer is eligible to claim the credit of bullion procurement subject to the conditions set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II H on page no. 68 ].
- ii. The ITC on such transactions is to be availed by way of reporting of details in Form GSTR-3B.
- iii. ITC can be availed only if the Form GSTR-2B of the Buyer reflects the invoice issued by the Supplier.
- iv. ITC pertaining to a financial year can be availed in the GST returns filed up to 30th November of the next financial year.

- v. In case a credit note is issued by the supplier against an invoice on which ITC has been availed, the buyer has to commensurately reduce the ITC availed.
- vi. The ITC related disclosures in Form GSTR-3B are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para f ii 3 on page no. 80](#) ].

**B. IT Act:****a. TDS Implications:**

- i. In a case where both the parties issue a sale invoice, TDS is required to be deducted at 0.1% of the value of the goods by both the parties.
- ii. In a case where no sale invoice is issued by the bullion supplier, the said supplier is required to deduct TDS on the jewellery received from the Industry Member.

*Note: The above TDS requirements are not applicable for transactions up to INR 50 lacs in a financial year.*

- iii. The details of tax, so deducted, is required to be reported quarterly in Form 26Q.
- iv. Additionally, TDS Certificate in Form 16A is to be furnished on quarterly basis to the seller.
- v. The relevant dates for undertaking above compliances is covered separately in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para III G c and III G d ii on page no. 87](#) ].

**b. Computation of taxable income:** subject to conditions prescribed under the IT laws, the purchases can be claimed as a deduction in the computation of taxable income, liable to tax as profits and gains of business.

**C. Hallmarking compliances:**

Not applicable

**IV. Gold / Jewellery received directly from customer (for 'making')**

Industry Members receive gold either in raw form (gold bars, biscuits, etc.) or as gold jewellery from the customers.

The customers (either retailers or end consumers) provide such gold (in bars or jewellery) for the purpose of manufacturing jewellery out of the same. Hence, the said transaction is a supply of service arrangement whereby the Industry Member shall manufacture jewellery on the gold provided by the customers.

**A. GST Laws:**

Given that no consideration is payable by the jeweller to its customers, the supply of gold for purposes of making will not qualify as a "supply". Accordingly, no GST will be payable on this.

**a. Valuation:**

Not Applicable

**b. Key documents:**

- i. Delivery challan shall be issued by the customer, in a case where such customer is a registered person.
- ii. The said challan shall include particulars as specified in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b iii on page no. 75](#) ].
- iii. A template of the delivery challan is provided in Chapter Eight: Formats and Appendix [[refer to para II D on page no. 100](#) ].
- iv. No documents are prescribed in case where the gold is received from an unregistered customer.

*(The jeweller may issue / maintain documents as per his discretion to record the receipt of gold).*

**B. IT Act:**

Not applicable

**C. Hallmarking compliances:**

Not applicable



## V. Procurements from International Bullion Exchange

International Financial Services Centres Authority (“IFSCA”) had issued a circular 329/IFSCA/DPM/TS/QJ/2021-22/1 dated 19.01.2022, wherein certain conditions were specified to be fulfilled for entities to be considered as “Qualified Jewellers”

- The entity must be engaged in the business of goods classified under ITS(HS) codes 7108, 7113, 7114 and 7118 under Chapter 71 of ITC(HS);
- Due GST returns up to the preceding month prior to making an application to the IIBX must be filed by the entity;
- A certificate duly attested by a practising Chartered Accountant or a practising Cost Accountant or a practising Company Secretary, should be submitted by the entity, mentioning that 90% of the average annual turnover in the last 3 financial years is through dealing in goods under precious metals; and
- The entity shall have a minimum net worth of Rs 25 crore as per its latest audited financial statement.

Consequently, IFSCA has issued a circular specifying the standard operating procedure for qualified Jewellers importing gold in India through India International Bullion Exchange (“IIBX”).

### A. The entity for the purpose of being notified as a “Qualified Jeweller” shall comply with the following procedure:

- a. The Applicant must submit the duly filled application to IIBX along with the relevant documents and applicable fees, if any.
- b. The entity must communicate to IIBX whether they wish to seek the status of a Qualified Jeweller as a Limited Purpose Trading Member (“LPTM”) or as a Bullion Trading Member (“BTM”) at the time (or a later date as specified by IIBX) of submitting the application for notification.
- c. IIBX will thereafter review the filled application and may demand for additional documents, if necessary.
- d. IIBX along with its recommendations shall forward the application to IFSCA. IFSCA on satisfaction will notify the entity as a “Qualified Jeweller” by issuing a letter to the entity, under intimation to IIBX.

A Qualified Jeweller is mandatorily required to maintain minimum net worth of Rs. 25 crores as per its latest audited financial statement.

Tariff Rate Quota (‘TRQ’) holders under The India-United Arab Emirates (UAE) Comprehensive Economic Partnership Agreement (CEPA) are deemed to be Qualified Jewellers for import of gold through IIBX. A separate category of ‘Qualified Jeweller-TRQ’ (‘QJ-TRQ’) has been notified for such holders. QJ-TRQ holders can participate on IIBX for transacting in (‘buying’ only) UAE Good Delivery (UAEGD) Gold for the import of gold under the India-UAE CEPA, subject to the quota and other applicable terms and conditions.

### B. The Circular sets out the process of importing gold by a Qualified Jeweller through IIBX

- a. Mode of participation by a Qualified Jeweller
  - i. Qualified Jewellers may approach a BTM as a client for opening a client account to purchase Bullion Depository Receipts (“BDR”) for importing gold on IIBX.
  - ii. A Qualified Jeweller participating as an LPTM is permitted to directly access the IIBX Trading System as a client and is required to associate itself with a clearing member for clearing its purchase transactions. QJ-TRQ holders are not eligible to participate under the LPTM route.

IIBX is accountable for surveillance of the Bullion ecosystem in IFSC. The LPTM shall comply with the code of conduct and operational guidelines that may be issued by IIBX.

- b. Advance Remittance for purchase of BDR on IIBX for import of gold
  - i. In accordance with the guidelines issued by Reserve Bank of India vide circular dated 25.05.2022, IIBX shall establish a system for issuance of an IIBX authenticated document which contains the details of the indicative price of gold for the quantity and quality (purity), intended to be imported by the Qualified Jeweller through IIBX, on basis of which the Authorised Dealer (AD) bank may allow the Qualified Jewellers to remit advance payments towards the import of gold through IIBX.
  - ii. The Qualified Jewellers shall remit foreign currency through its AD bank in India for the purchase of BDR to import gold.

- c. Purchase of BDR for import of gold
  - i. Qualified Jewellers are permitted to purchase BDR on IIBX for the import of gold and not be allowed to enter a sell order or cancel the purchase order.
  - ii. Statement of accounts issued by the BTM/ Bullion Clearing Members (“**BCM**”) to the Qualified Jewellers are reconciled on a daily basis.
  - iii. Unutilised amount at the end of 11 (calendar) days from the date of remittance, shall be remitted back to the AD bank in India, for reconciliation of the Outward Remittance Message (“**ORM**”) and the Bill of Entry (“**BoE**”).

d. Movement of gold from IFSC for import of India-Domestic Tariff Area

IIBX shall issue necessary instructions to the Bullion Depository and vault manager registered with the IFSCA, to ensure that the BDR purchased by Qualified Jeweller is extinguished and the Bill of Entry is filed before the expiry of 11 (calendar) day period.

**C. Block deals on IIBX**

- a. A trade, with a minimum quantity of 100 kgs of gold, executed through a single transaction on this separate trading window of the Bullion Exchange will constitute a “block deal”.
- b. Only non-individual participants shall be permitted to execute block deals.
- c. IFSCA has recently permitted IIBX to have a separate trading window for execution of block deals.
- d. The framework for block deals is stated below:

<b>Trading Block Deal Window</b>	<p><b>Morning Block Deal Window:</b> 9 AM to 9:15 AM</p> <p><b>Afternoon Block Deal Window:</b> 1:45 PM to 2 PM</p> <p><b>Evening Block Deal Window:</b> 5:15 PM to 5:30 PM</p>
<b>Trading Unit</b>	Multiples of 1 Kg for 995 purity bars and Multiples of 100 grams for 999 purity bars, subject to minimum quantity of 100 kgs of Gold.
<b>Price Quote</b>	USD per Troy Ounce
<b>Minimum Order Size</b>	100 Kgs of Gold
<b>Tick Size (Minimum Price Movement)</b>	USD 0.01

<b>Trade Margin</b>	100%
<b>Permitted Price Band</b>	In this window, orders may be placed within a price band to be specified by the Bullion Exchange which shall not exceed +/- 0.5% of the applicable reference price in the respective block deal windows.
<b>Reference Price</b>	<p><b>Morning Block Deal Window:</b> The reference price for execution of block deal in this window shall be the previous trading day’s closing price at the Bullion Exchange. In case no trades were executed in the contract on the previous trading day, the reference price shall be the LBMA PM fix price for the previous trading day. New contracts shall only be eligible for block deals during the afternoon block deal window on the first day of trading of the contract.</p> <p><b>Afternoon Block Deal Window:</b> The reference price for block deals in this window shall be the volume weighted average price (VWAP) of the trades executed in the contract between 1:25 PM and 1:40 PM. In case no trades are executed in the contract between 1:25 PM and 1:40 PM, the reference price shall be considered as</p> <ul style="list-style-type: none"> <li>• VWAP based on trades executed in the contract between 9 AM and 1:40 PM shall be taken as reference price.</li> <li>• In case, VWAP is not available as per above, then the previous trading day’s close price shall be considered as reference price.</li> <li>• In case, previous day’s close price is not available, LBMA PM fix price for previous trading day shall be considered as reference price.</li> </ul> <p><b>Evening Block Deal Window:</b> The reference price for block deals in this window shall be VWAP of the trades executed in the contract between 4:55 PM and 5:10 PM. In case no trades are executed in the contract between 4:55 PM and 5:10 PM, the reference price shall be considered as</p> <ul style="list-style-type: none"> <li>• VWAP based on trades executed in the contract between 9 AM and 5:10 PM shall be taken as reference price.</li> </ul>

	<p><b>Evening Block Deal Window:</b> The reference price for block deals in this window shall be VWAP of the trades executed in the contract between 4:55 PM and 5:10 PM. In case no trades are executed in the contract between 4:55 PM and 5:10 PM, the reference price shall be considered as</p> <ul style="list-style-type: none"> <li>• VWAP based on trades executed in the contract between 9 AM and 5:10 PM shall be taken as reference price.</li> <li>• In case, VWAP is not available as per above, then the previous trading day's close price shall be considered as reference price.</li> <li>• In case, previous trading day's close price is not available, LBMA AM fix price for the same day shall be considered as reference price.</li> </ul> <p>The Bullion Exchange shall calculate and disseminate / broadcast the applicable reference price and permitted price band for the execution of block deals prior to the opening of the block deal windows.</p>
<b>Trading Logic</b>	Orders will get matched when both the price and the quantity match for the buy and sell order. Orders with the same price and quantity will match on time priority i.e., orders which have come into the system earlier will get matched first.
<b>Settlement Basis / Delivery Logic</b>	Compulsorily in BDR form in the Demat account with the depository. Every trade executed in this window must result in delivery and shall not be squared off or reversed.
<b>Dissemination of Block Deal information</b>	The Bullion Exchange shall furnish disclosure of transaction of the block deal providing details such as name of the members (Buyers/Sellers), quantity of bullion bought / sold, time of the transaction, price at which block deal is executed, name of the bullion contract bought/sold etc. on its website after the end of each block deal window.
<b>Calculation of opening, closing, last traded or the benchmark price</b>	The transactions executed through the proposed block deal window shall not be taken into consideration for calculation of the daily Open, High, Low, and Close (OHLC), VWAP, or daily settlement price nor the benchmark price of the contract.

## VI. Procurements under FTP

Refer page no. 46

## VII. Availing jewellery design services

Industry Members may avail the service of a third-party designer for the jewellery to be manufactured. Such designer is the expert possessing requisite skills on the prevailing trends of the jewellery sector. The designer would recover the service charge for its services.

### A. GST Laws:

#### a. Valuation:

- Transaction value (price quoted in the invoice) shall be the value of services, if the designing services are availed from an unregistered designer where price is the sole consideration.
- In case such services are availed from related person, the valuation rules as set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II G c on page no. 68] shall be complied with.

#### b. Tax rate:

- The design services are classifiable under the service code 9983, whereby the GST rate of 18% is applicable.

#### c. Key documents:

- Designer is required to issue a tax invoice.
- The particulars which must be disclosed on such invoice are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II K b i on page no. 71].
- If the turnover of the designer exceeds INR 10 crores [or INR 5 crores with effect from 01.08.2023] in a financial year, such designer is required to issue an e-invoice. E-invoicing related provisions are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II K b ii on page no. 71].
- The tax invoice or e-invoice, applicable, shall be issued within 30 days from the date of supply of service.
- In case of a continuous supply of service, the timeline for issuance of invoice shall be as follows:
  - Date for payment is specified in the contract – invoice shall be issued on or before such date of payment
  - Date of payment is not ascertainable from the contract – invoice shall be issued before or at the time when the supplier receives the payment
  - In case payment is linked to completion of an event – invoice shall be issued before or on the date of completion of such event.

**d. In case any advance is paid for such service, the supplier is required to pay GST on such receipt.**

**e. If jeweller design services are availed from designer based outside India:**

- i. The Industry Member availing such service in India is required to pay GST at 18% under RCM.
- ii. The said liability under RCM is payable even on advances paid to such designer.
- iii. As the foreign designer is an unregistered person (who cannot issue a tax invoice), the Industry Member is required to issue a self-invoice on the date of receipt of services.
- iv. The disclosure requirements for such services in GST returns is stated in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para f ii 2 and 3 on page no. 80].

**f. ITC aspects:**

- i. Recipient is eligible to claim the credit of design services subject to conditions set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II H on page no. 68 ].
- ii. The ITC on such transactions to be availed by way of reporting of details in Form GSTR-3B.
- iii. ITC can be availed only if the Form GSTR-2B of the Buyer reflects the invoice issued by Supplier.
- iv. ITC pertaining to a financial year can be availed in the GST returns filed up to 30th November of the next financial year.
- v. In case a credit note is issued by the supplier against an invoice on which ITC has been availed, the buyer has to commensurately reduce the ITC availed.
- vi. The ITC related disclosures in Form GSTR-3B are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para f ii 3 on page no. 80].
- vii. ITC of GST paid under RCM can be availed in the same month in which such liability is paid.

## **B. IT Act:**

**a. TDS implications under Section 194J of the IT Act:**

- i. TDS Rates:
  - Payment being made for technical services- 2%
  - Any other payment - 10%

*Note: The above TDS requirement does not apply, if the aggregate of payment / credit being made or likely to be credited / paid does not exceed INR 30,000/- in a financial year to the service provider.*

- ii. The details of tax, so deducted, is required to be reported quarterly in Form 26Q.

iii. Additionally, TDS Certificate in Form 16A is to be furnished on a quarterly basis to the seller.

iv. The relevant dates for undertaking above compliances is covered separately in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para III G c and III G d ii on page no. 87 ].

**b. Computation of taxable income:** subject to conditions prescribed under the IT laws, the expense incurred can be claimed as a deduction in the computation of taxable income, liable to tax as profits and gains of business.

## **C. Hallmarking compliances:**

Not applicable

## **VIII. Procurements of other inputs / raw materials and services**

The manufacturing process of jewellery requires various inputs / raw materials. Additionally, the services are also availed by the Industry Members for the manufacturing and sale of jewellery.

### **A. GST Laws:**

**a. Valuation:**

- i. Transaction value, price paid or payable shall be the value of supply in case where goods / services are procured / availed from an unrelated supplier, where price is the sole consideration.
- ii. For the transactions with related persons, the valuation rules as set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II G c on page no. 68 ] shall be complied with.

**b. Tax Rate:**

- i. The tax rates and classification for key raw materials / services are provided in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II A on page no. 64 ].

**c. Key documents:**

- i. The supplier is required to issue a tax invoice.
- ii. The particulars required to be disclosed on such invoice are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II K b i on page no. 71 ].
- iii. If the turnover of the supplier exceeds INR 10 crores [or INR 5 crores with effect from 01.08.2023] in a financial year, such supplier is required to issue an e-invoice. E-invoicing related provisions are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II K ii on page no. 71 ].

- iv. Time frame for issuance of invoice (or e-invoice):
- Goods:
    - Supply involves movement of goods – at the time of removal of such goods.
    - Other cases – at the time of delivery or making such goods available to the recipient.
    - Continuous supply of goods – If statements of accounts are sent to the recipient on a periodic basis or successive payments are involved, then the invoice shall be issued at the time of issuance of such statement or receipt of such payment.
  - Services:
    - 30 days from the date of completion of service.
    - Continuous supply of service:
      - Date of payment is specified in the contract – Invoice shall be issued on or before such date of payment.
      - Date of payment is not ascertainable from the contract – Invoice shall be issued before or at the time when supplier receives the payment.
      - In case the payment is linked to completion of an event – Invoice shall be issued before or on the date of completion of such event.
  - v. In a case where any advance is paid for such service, the supplier is required to pay GST on such receipt.
  - vi. A template of tax invoice is provided in Chapter Eight: Formats and Appendix [[refer to para II A on page no. 97](#)].

**d. Payment of tax under RCM:**

- i. Import of service (services availed from a foreign supplier):
- The Industry Member shall pay GST under RCM on the consideration paid to such suppliers (unrelated).
  - In a case where the services are availed from a related supplier, GST under RCM is payable even if no consideration is paid to such supplier. Additionally, valuation rules as set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II G on page no. 67](#)] shall be complied with.
  - The Industry Member is required to generate a self-invoice on the date when such services were received.
- ii. Domestic Services under RCM:
- In a case where the services are received from an unregistered supplier, a self-invoice shall be generated by the Industry Member.

- iii. The liability under the RCM is required to be paid by electronic cash ledger.
- iv. The GST being paid under the RCM is available as ITC.
- v. The disclosure requirements for GST paid under the RCM in GST returns is covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para f ii 2 and 3 on page no. 80](#)].

**e. Credit Notes:**

- i. In cases where (a) taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or (b) where the goods supplied are returned, or (c) where goods supplied are found to be deficient, the supplier should be requested to issue a Credit Note.
- ii. A single credit note can be issued against multiple invoices, however, the credit note should refer to each invoice against which the present credit note is being issued. Such credit notes have to be reported in GST returns by 30th November of the subsequent financial year.
- iii. The particulars to be disclosed in the credit note are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b iv on page no. 76](#)].
- iv. A template credit note is provided in Chapter Eight: Formats and Appendix [[refer to para II B on page no. 98](#)].

**f. Debit Notes:**

- i. In cases where the goods are supplied on an unfixed basis, or the price is escalated upwards after the supply has been made, the supplier to be requested to issue a debit note for the differential value.
- ii. A single debit note can be issued against multiple invoices. However, the debit note has to refer to each of the invoices against which the same has been issued.
- iii. There is no time-limit for the issuance of a debit note.
- iv. A template debit note is provided in Chapter Eight: Formats and Appendix [[refer to para II C on page no. 99](#)].

**g. Input tax Credit:**

- i. The Industry Member is eligible to claim the credit of procurements / services availed subject to conditions set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II H on page no. 68 ].
- ii. The ITC on such transactions is to be availed by way of reporting of details in GSTR-3B.
- iii. ITC can be availed only if the Form GSTR-2B of the Buyer reflects the invoice issued by Supplier.
- iv. ITC pertaining to a financial year can be availed in the GST returns filed up to 30<sup>th</sup> November of the next financial year.
- v. In case a credit note is issued by the supplier against an invoice on which ITC has been availed, the buyer has to commensurately reduce the ITC availed.

**h. Other Nuances:**

- i. Receipt of goods directly at job-worker's premises:
  - The seller to issue a Bill to-Ship to invoice with the buyer (jeweller) being the "bill-to" party whereas the job-worker to be the "ship-to" party.
  - The ITC is available to the principal on such procurements.
- ii. The Principal is required to issue a delivery challan even in cases where the goods are directly sent by the seller to the job-worker. Particulars required to be disclosed in such delivery challans are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II K b iii on page no. 75 ].
  - A template tax invoice is provided in Chapter Eight: Formats and Appendix [refer to para II A on page no. 97 ].
  - A template delivery challan is provided in Chapter Eight: Formats and Appendix [refer to para II D on page no. 100 ].

**B. IT Act:****a. TDS Implications:**

- i. For goods:
  - The buyer is required to deduct TDS at the rate of 0.1% under Section 194Q of the IT Act.

*Note: The above TDS requirement is not applicable for*

*transactions up to INR 50 lacs in a financial year.*

- The details of tax, so deducted, is required to be reported quarterly in Form 26Q.
  - Additionally, TDS Certificate in Form 16A is to be furnished on a quarterly basis to the seller.
  - The relevant date for undertaking the above compliances is covered in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para III G c and III G d ii on page no. 87 ].
- ii. For services:
    - 194C: Payment made to the contractors:
      - Payment made to an individual or HUF – 1%
      - Payment being made to any other person – 2%

*Note: The above TDS requirements will not be applicable if the payment being made to the contractor does not exceed INR 30,000/- (per contractor per contract). However, if the aggregate of sums already credited or expected to be credited, exceed INR 100,000/- (per contractor per year), then the TDS has to be deducted even if the present transaction is under INR 30,000/-.*

- 194 J: Fees for professional or technical services
  - Payment being made for technical services – 2%
  - Any other payment – 10%

*Note: The above TDS requirements will not be applicable, if the aggregate of payment / credit being made or likely to be credited / paid does not exceed INR 30,000/- in a financial year to the service provider.*

- 194 I: Rent
  - Applicable when rent is paid to person Resident in India.
  - TDS Rates:
    - Plant and Machinery: 2%
    - Land or building: 10%
  - TDS is not applicable if rent payable in a financial year does not exceed INR 2,40,000/-.

- iii. The details of tax, so deducted, is required to be reported quarterly in Form 26Q.

- iv. Additionally, TDS Certificate in Form 16A is to be furnished on a quarterly basis to the seller.

**b. Computation of taxable income:** Subject to conditions prescribed under the IT laws, the expense incurred can be claimed as a deduction in the computation of taxable income, liable to tax as profits and gains of business.

**C. Hallmarking compliances:**

Not Applicable

# Chapter Three **MANUFACTURING OF JEWELLERY**



**I. Background**

The Industry Members, based on the structure of their businesses, undertake manufacturing of the jewellery in their own facility or through job-workers (known as 'Karigars').

The manufacture of jewellery, depending upon its type, *inter alia* includes processes such as melting, model making, mixing of alloy, moulding, waxing, plating etc. The said processes involve procurement of other materials such as alloys, rhodium, imitation items, etc. In some of the arrangements, the Industry Members, provide the aforementioned materials to job-workers whereas sometimes, the job-workers may procure and use such materials.

The specifics of the manufacturing of jewellery either at the manufacturing facility of the Industry Members or through job-workers are covered below.

**II. Jewellery manufacturing at own premises**

The Industry Members undertake jewellery making at their own premises. The manufacturing of gold jewellery involves receiving design services from a designer, undertaking manufacturing activity (mixture of alloy, casting, etc.) The manufacturing involves mixing alloys in gold, designing and incurrance of manufacturing loss. In cases, where customers have given their gold / jewellery for making of new jewellery, the design of the jewellery is provided or pre-agreed with the customer. In such cases, the jeweller will recover only the making charges from the customer.

The different activities involved and the legal implications thereon, have been covered below:

**A. Wages or Salaries paid to the factory / office staff:**

In an Industry Member's own manufacturing facility, the Industry Member would employ requisite staff to undertake manufacturing of jewellery. The jeweller, in return for these services, pay emoluments in form of salaries, and perquisites / benefits.

**a. GST Laws:**

- i. The employer and the employees are treated as related persons under the GST law.
- ii. However, the services provided by employee to the employer *in course or furtherance of his employment* is not treated as supply.
- iii. The taxability of GST may arise for supplies that are outside the purview of the employment contract,

even when such supplies are without consideration. These could include gifts to employees (in excess of INR 50,000 per employee per year), products given at discounted rate / free of charge, etc.

- iv. In case of supplies being made by the employer to the employee, the applicable GST will need to be discharged (based on nature of supply). Valuation provisions of such supplies are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II G c on page no. 68](#) ]
- v. GST is not payable on the notice pay recoveries, made by the employer for early termination of notice period.

**b. IT Act:****i. TDS**

- TDS under Section 192 is required to be deducted at the applicable slab rate of income-tax on the estimated income of the employee.
- Further, under Section 194R, employer providing any perquisites / benefits to the employee is required to deduct tax at source at a rate of 10% if the value of such perquisite / benefit is more than (or likely to be) INR. 20,000/- in a particular financial year.
- It has been clarified that if an employer provides perquisites / benefits such as an incentive (other than discount or rebate) in form of mobile phones, gold coins etc. or sponsors a trip upon reaching a pre-determined target or provides any other perquisites / benefits in cash or kind, then the employer is required to deduct TDS at a rate of 10%.

- ii. Computation of taxable income - subject to conditions prescribed under the IT laws, the salary expenses can be claimed as a deduction in the computation of taxable income, liable to tax as profits and gains of business.

**c. Hallmarking:**

Not applicable

**B. Treatment of manufacturing loss:**

The manufacturing of jewellery involves multiple processes before the gold in the metal or its purest form is converted into jewellery. Moreover, the jewellery being manufactured by the Industry



Members varies on the basis of its type, purity, processes used to manufacture, etc. This process of converting the gold in the metal or its purest form into jewellery results in wastages at different legs of the manufacturing process. The quantum of aforesaid wastage would depend on factors such as the manufacturing process involved, type of jewellery being manufactured, purity, etc.

However, periodically, the Industry Members apply procedures to recover part of the aforesaid wastage in the form of dust or scrap. In other words, out of the wastage of gold that occurs during the manufacturing process, some of such wastage is recovered periodically by the Industry Members. The remaining irrecoverable portion of the wastage represents the manufacturing loss (i.e., normal loss) occurred in manufacturing jewellery.

Manner of recording the loss (i.e., irrecoverable portion of the wastage) – The Industry Members treat the irrecoverable wastage as the normal loss in the books of accounts. Accordingly, such loss is adjusted against the cost of production or the cost records of the jewellery.

#### **a. GST Laws:**

There are no implications on the normal losses that occur primarily in the process of manufacturing.

However, it is recommended that the Industry Members keep appropriate records of the wastage and recoveries and the adjustment thereof of the irrecoverable portion so as to substantiate the claim that the loss is a normal loss.

Any abnormal loss over and above the accepted loss percentage would result in implications of reversal of ITC availed in relation to such inputs.

#### **b. IT Act:**

The process loss is adjusted against the cost of production of the jewellery, thereby there are no implications under the IT Act.

#### **c. Hallmarking:**

Not applicable

### **III. Manufacturing of jewellery through job-workers ('Karigars')**

The Industry Members avail the services of Karigars whereby they send gold to the Karigars for the purpose of manufacture of jewellery. The usual arrangement is such that the Industry Members send gold to the Head Karigar who further sends the gold to multiple Karigars to undertake different processes involved in manufacture of jewellery.

The jewellery manufacturing arrangement with Karigars is broadly based on three approaches viz.,

#### **A. Fixed percentage of wastage and labour charges:**

It is one of the common practices whereby the process loss involved in manufacturing of the jewellery is pre-determined and agreed with the job-worker. The said loss (being normal loss) is accounted in the books of principal as an adjustment in cost of production. The job-worker is paid charges for the services.

#### **B. Labour charge based on weight of the gold:**

Another arrangement is based on actual service charges determined in line with the total quantum of gold converted into jewellery by the job-worker.

#### **C. Payment in terms of wastage:**

In some of the cases, the Karigars do not recover any labour charge in terms of its monetary value, however, they agree on a higher wastage proportion. The net earnings for the Karigars in this case is the recoveries out of the wastage.

#### **A. GST Laws:**

- i. The job-work arrangement under the GST laws can be undertaken only when the principal (person sending / providing the goods) is registered.
- ii. For qualification as a job-worker, an essential requirement is that the job-worker undertakes 'treatment or process' on the goods provided by the principal.
- iii. In case, no treatment or process is carried out by the job-worker, then the services would not qualify as a job-work transaction.
- iv. Procedure for sending goods to the job-worker:
  - The principal shall issue a delivery challan for transport of goods from the principal's premises to the job-worker's premises.

- The disclosure requirements on such delivery challan are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b iii on page no. 75](#)].
  - The disclosure as regards to the tax rate and tax amount involved are optional on delivery challan. However, as the tax rate is required to be disclosed while filing Form GST ITC-04, the Industry Member may mention the tax rates on the delivery challan.
  - A template of the delivery challan is provided in Chapter Eight: Formats and Appendix [[refer to para II D on page no. 100](#)].
- v. Receiving goods back from job-worker:
- The goods may be received back from the job-worker under a separate delivery challan issued by such a job-worker.
  - However, Rule 45 of the CGST Rules permits receiving the goods back from the job-worker under the endorsement of original delivery challan issued by principal.
  - While endorsing the original delivery challan, the job-worker is required to indicate the quantity and the description of the goods.
- vi. Sending goods to another job-worker:
- Scenario A:** Goods first received back and then sent again:
- The principal shall send the goods to another job-worker under a fresh delivery challan.
  - The delivery challan shall consist of particulars as specified in Rule 55 of the CGST Rules.
  - The disclosure requirements on such delivery challans are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b iii on page no. 75](#)].
  - The disclosure as regards to the tax rate and tax amount involved are optional on delivery challan. However, as the tax rate is required to be disclosed while filing Form GST ITC-04, the Industry Member may mention the tax rates on the delivery challan.
  - A template of the delivery challan is provided in Chapter Eight: Formats and Appendix [[refer to para II D on page no. 100](#)].

**Scenario B:** Goods directly sent by first job-worker

- The first job-worker may directly send the goods to another job-worker (of the same principal) from his premises.
  - The above may be undertaken on a fresh delivery challan issued by the first job-worker or by way of an endorsement (indicating the quantity and the description of the goods) on the original delivery challan issued by the principal.
  - Another job-worker may directly return the goods to the principal under a separate delivery challan or on endorsement of the original challan issued by such principal.
- vii. Use of alloy, other materials by the job-worker:

In the process of manufacturing jewellery, alloys of copper and other materials are mixed in the gold. Also, depending on the type of the jewellery, there may be other materials such as imitation items, etc. being affixed on to the jewellery.

In some of the cases, the Industry Members procure the alloys or other materials and send the same to the Karigar whereas in certain instances Karigars procure and use their own alloys or other materials. In the latter case, the Karigars do not separately recover any sums towards the use of alloys or other materials in the process of manufacturing jewellery as the same are treated as cost of providing job-work services.

**- Alloys / other material provided by principal:**

- In this case, the delivery challan complying with the requirements of Rule 55 of the CGST Rules shall be issued by the principal for sending gold, alloys, and other materials.
- The Industry Members may, procure alloys or other materials in bulk and send the same to Karigar. It is pertinent to note that any unused alloys or other materials are to be returned back to the principal on expiry of 1 year from the date of receipt of the same. In case of failure to send back the unused alloys or other materials to principal, the same would be treated as supply of goods between the principal and the Karigar.

**- Alloys or other materials provided by job-worker:**

- The Circular No.38/12/2018 - GST dated

26.03.2018 clarifies that a job-worker, in addition to the goods received from the principal, can use his own goods for providing services of job-work.

- Accordingly, the Karigar is permitted to use alloys or other materials to manufacture the jewellery.
- It is pertinent to note that the use of alloys or other materials could be construed as composite supply in terms of Section 2(31) of the CGST Act, whereby, the principal supply would be of job-work services.
- The tax rate applicable would be 5% (tax rates are given under Chapter Seven: Tax Rates, Procedures and General Compliances) as job-work services, in case the supply qualifies as a “composite supply”.

viii. Implications on different arrangements with the Karigars:

**Option A:** Fixed proportion of wastage and labour charges:

**- Wastage:**

- In the above arrangement, the wastage represents the manufacturing loss for the principal. The said wastage being in the nature of normal loss is adjusted against the cost of production of the jewellery.
- In case the Karigar is able to recover any dust from the fixed proportion of wastage, the ownership of the same would vest with the principal. Accordingly, the same may be returned to the principal or supplied directly from Karigar’s premises on behalf of the principal.
- In case the recovered gold is not sent back to the principal within 1 year from the date when the gold was originally sent by the principal; the gold recovered by the job-worker will be treated as a sale in the hands of principal from the date when gold was originally sent out by such principal.
- Alternatively, in case the Karigar retains the recovered dust, the same may be construed as the consideration in kind for the provision

of job-work services. Such consideration would be chargeable to GST at the rate of 5%. Since recovered but retained the gold will be construed as payment against service in kind, TDS provisions under IT Act will apply.

**- Labour charges:**

- The labour charge represents the consideration for the Karigar for provision of job-work charges.
- The said consideration would be leviable to GST at the rate of 5% as job-work services as laid out in Chapter Seven: Tax Rates, Procedures and General Compliances.

**Option B:** Fixed Labour charge:

- The labour charge represents the consideration for the Karigar for provision of job-work charges.
- The said consideration would be leviable to GST at the rate of 5% as job-work services as laid out in Chapter Seven: Tax Rates, Procedures and General Compliances.

**Option C:** Payment in terms of wastage:

- The arrangement with the Karigars is purely on the fixed portion of the wastage and the making charges are not agreed upon separately. The recoveries out of the wastage represent the net earnings of the Karigars.
- Under the above arrangement, the bifurcation as regards the consideration for job-work services (i.e., the labour charge) and the manufacturing loss of the jewellery is not available. Therefore, in such scenarios, the authorities may treat the entire wastage as consideration for the Karigar.

ix. Valuation of job-work services:

- The services are provided by an unrelated job-worker wherein the price is the sole consideration.
- Therefore, the “transaction value”, price paid or payable would be the value of job-work services.

## x. Tax rate of job-work services:

The applicable service code on the job-work services is 9998, on which the applicable GST rate is 5%.

## xi. Key documents:

- The job-worker shall raise an invoice on the principal for supply of job-work services.
- The particulars to be stated on such invoice are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b i on page no. 71](#)].
- If the turnover of the Karigar exceeds INR 10 crores [or INR 5 crores with effect from 01.08.2023] in a financial year, such Karigar is required to issue an e-invoice. E-invoicing related provisions are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b ii on page no. 71](#)].
- The invoice should be issued within 30 days from the date of completion of services.

## xii. Compliances:

- Details of goods sent to the Karigars and as also received from them are required to be separately disclosed in Form GST ITC-04.
- The said Form is required to be filed bi-annually for the periods April to September and October to March. The due date for furnishing the statement is 25th of the next month following the end of the relevant six-month period. In case the turnover of the Industry Member is up to INR 5 crores, ITC-04 is to be filed yearly by 25<sup>th</sup> April of the subsequent financial year.

- In case the goods are sent by one job-worker to their job-worker, the job-worker sending such goods, has to file GST ITC-04 and disclose the details of goods sent and received back from their job-worker.
- Key compliances related to job-work are also covered in Chapter Seven: Tax Rates, Procedures and General Compliances part of this SOP [[refer to para II I on page no. 69](#)].

**B. IT Act:**

- i. TDS implications under Section 194C of the IT Act:
  - a. Payment made to a resident individual or an HUF - 1% of consideration
  - b. Payment made to any other person - 2%

*Note: The above TDS requirement will not be applicable, if the payment being made to the contractor does not exceed INR 30,000/- per contractor per year. However, if the aggregate of sums already credited or expected to be credited, exceeds INR 100,000/- per contractor per year, then the TDS has to be deducted even if the present transaction is under INR 30,000/-*

- ii. Computation of taxable income – Subject to conditions prescribed under the IT laws, the expense incurred can be claimed as a deduction in the computation of taxable income, liable to tax as profits and gains of business.

**C. Hallmarking compliances:**

Not applicable



# Chapter Four: **DOMESTIC SALES**



## I. Background

The industry follows various models for effecting sales such as (a) sales on approval, (b) display at exhibition (c) sales on unfixed price, (d) sales on fixed prices, (e) jewellery making services and (f) normal sales.

This section of the SOP deals with the above revenue streams and sets out the implications which may arise on Jewellers thereunder.

## II. Normal Sales

This section deals with routine sales undertaken by the Industry Members in the normal course of business.

### A. GST Laws:

#### a. Valuation

- i. Transaction value, i.e., price paid or payable, shall be the value quoted on the invoice if the transaction is with an unrelated person where price, is the sole consideration.
- ii. In case the transactions are between related persons, the same shall be determined as per valuation rules set out in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II G c on page no. 68 \]](#).

#### b. Tax Rate

- i. The jewellery is classifiable under sub-headings of HSN code 7113.
- ii. GST at the rate of 3% shall be applicable on such sales.

#### c. Key Documents

- i. The jeweller shall issue a tax invoice at the time of removal of jewellery at the value prevailing on the date of sale.
- ii. The particulars required to be disclosed on such invoices are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II K b i on page no. 71 \]](#).
- iii. If the turnover of the jeweller exceeds INR 10 crores [or INR 5 crores with effect from 01.08.2023] in a financial year, , such jeweller is required to issue an e-invoice. E-invoicing related provisions are set out

in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II K b ii on page no. 71 \]](#).

- iv. The tax invoice or e-invoice, as applicable, shall be issued by the vendor at the time of removal of goods.
- v. A template of the tax invoice is provided in Chapter Eight: Formats and Appendix [\[refer to para II A on page no. 97 \]](#).

#### d. Debit Note or Credit Notes

##### i. Credit Notes:

- taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or
- where the goods supplied are returned, or
- where goods supplied are found to be deficient

##### ii. Debit Notes:

- taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply
- A single debit or credit note can be issued against multiple invoices. However, reference to each of the invoice shall be disclosed on such debit or credit note being issued.
- Time limit for issuance of credit note: Credit Notes for a financial year can be declared in GST returns filed up to 30th November of subsequent financial year.
- Particulars to be mentioned in debit or credit notes are stated in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II K b iv on page no. 76 \]](#).
- There is no time-limit for the issuance of a debit note.

#### e. Other Key Considerations

- i. For the sale of jewellery, the Industry Member shall recover the price of the jewellery, hallmarking expenses and other misc. expenses such as transportation, etc.

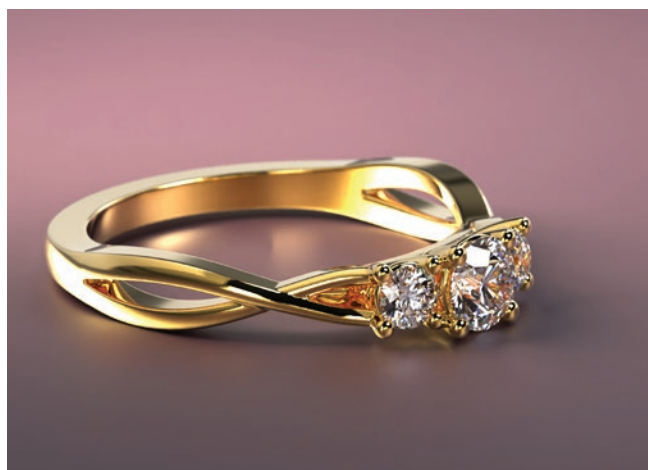
- ii. The recovery towards these amounts may be treated as a composite supply under the GST law (if such supplies are bundled in general course of business); whereby the sale of jewellery is the principal supply.
- iii. Accordingly, the rate of 3% shall be applicable on all the above-mentioned recoveries from the customer.

### **B. IT Act:**

- a. TCS implications:
  - The jeweller may be required to collect TCS at the rate of 0.1% of the goods sold.
  - The said TCS requirement does not apply if:
    - i. The buyer is required to deduct TDS.
    - ii. The transaction or the aggregate of transactions do not exceed INR 50 lacs.
    - iii. The turnover of jeweller is less than INR 10 crores in the immediately preceding financial year.
      - The compliances in relation to TCS have been covered in Chapter Seven: Tax Rates, Procedures and General Compliances.
- b. Computation of Taxable Income: The sale value of jewellery shall be considered in the computation of taxable income, liable to tax as profits and gains from business.

### **C. Hallmarking compliances:**

The jewellery being sold is required to be hallmarked. Exclusions to the requirement of hallmarking have been covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para IV on page no. 91](#)].



### **III. Sales on approval**

- A. Jewellers undertake 'sales on approval' on a regular basis. The essence of these transactions is explained below:
  - a. Finished jewellery is physically taken to the location of the buyer of goods.
  - b. The buyers select a certain portion of the jewellery for purchase and the possession is passed on immediately to the buyer.
  - c. The remainder of the jewellery is sent back to the seller or to a different buyer for sales on approval.
- B. The industry is presently following varied methods for undertaking such sales

#### **Certain examples are:**

- a. Some of the Industry members issue two sets of delivery challans, (a) for sending goods from their premises to customer's location and (b) for receiving back the unapproved goods from customer's location to own premises.
- b. Whereas certain industry members issue only one delivery challan for sending the total quantity of goods on approval and for receiving the unapproved quantity.
- c. The remaining industry members, send and thereafter receive back the entire quantity of goods on approval (without delivery challan) and then consequently, undertake the transaction of sale for the approved quantity.
- d. In each of the methods, a sale invoice is issued by the industry member. In part (a) and (b), invoice is issued at the time of approval from the customer and in part (c), while undertaking the final sale of quantity approved by the buyer.

#### **A. GST Laws:**

- i. Time limit for goods sent on approval basis:
  - The time limit to receive back the unapproved goods is 6 months from the date of removal of goods.
  - In case the goods are not returned within the above time frame, the goods sent shall be treated as supply upon the expiry of said six months.

- ii. Document to be issued:
- To send the goods on approval:
  - Delivery challan is required to be issued by the Industry Member sending goods to the customer on 'sale on approval' basis.
  - The format of delivery challan is provided in Chapter Eight: Formats and Appendix [\[refer to para II D on page no. 100 \]](#).
  - The Industry Members may undertake additional disclosures of the following on the delivery challan:
    - Purpose: The goods being sent are on approval basis and not outright sale
    - Place of dispatch: The place from where the goods are moving. In a scenario where the goods are sent to multiple states; multiple delivery challans may be issued by the Industry Members specifying place of dispatch for each transit.
    - Place of delivery: The place where such goods are being sent i.e., the place of customer.
    - Details of transport: The Industry Members may additionally disclose the mode of transport, its details and vendor, if any appointed on such delivery challan.
- To receive back the unapproved quantum of goods:
  - GST laws do not prescribe any framework for receiving back the unapproved stock being sent on approval.
  - Therefore, the same may be brought back on the same delivery challan as was used for the purpose of sending the goods.
  - Alternatively, the Industry Member or the customer to whom such goods were sent on approval, may issue a delivery challan to send back the unapproved quantum of the stock.
- On approved portion of goods sent on approval:
  - Goods sent were hallmarked:
    - On the date of approval, the Industry Member may issue a tax invoice or e-invoice (as maybe applicable) for the quantity approved by the customer.

- Goods sent were not hallmarked:
  - In this case, the Industry Member shall receive back the entire stock sent on approval and undertake hallmarking of the approved quantity.
  - Pursuant to the hallmarking, the approved quantum can be sold by issuance of tax invoice to the customer.
  - Alternatively, the Industry member may direct his customer to tender the approved part of goods to a BIS certified Hallmark centre in his town/city on former's behalf. After Hallmarking, the BIS centre will return goods to the customer but raise the bill for charges to the Principal supplier.

### **B. IT Act:**

#### **i. TCS Implications:**

On the stock approved by the customer:

- The jeweller may be required to collect TCS at the rate of 0.1% of the goods sold.
- The said TCS requirement does not apply if:
  - The buyer is required to deduct TDS
  - The transaction or the aggregate of transactions does not exceed INR 50 lacs
  - The turnover of jeweller is less than INR 10 crores in the immediately preceding financial year
- The compliances in relation to TCS have been covered in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para III H on page no. 89 \]](#).
- ii. Computation of taxable Income: The sale value of the approved quantity of gold shall be considered in the computation of taxable income, liable to tax as profits and gains from business.

### **C. Hallmarking compliances:**

The hallmarking is applicable on sale of jewellery, therefore, on the date of sending the goods on approval to the customer, the Industry Member has an option to send the goods without hallmarking, in case there is no intention of selling the goods.

However, the hallmarking would apply on the approved quantum of the jewellery. Such approved quantum is required to be hallmarked and shall bear unique HUID.



**IV. Participation in domestic exhibition:**

- The different sectoral councils or associations in India organize the jewellery exhibitions whereby the Industry Members showcase their designs to prospective buyers.
- The said exhibitions are generally on 'not for sale' basis whereby the stock being displayed is not sold to the attendees of the exhibition. However, some of the exhibitions permit sale, the implications thereon are covered in this chapter.
- The SOP deals with the governing provisions for sending and receiving back the goods from the exhibitions.

**A. GST Laws:**

- a. The movement of goods for the purpose of display at exhibition is not treated as supply.
- b. In order to send and bring back the goods, the Industry Members are required to issue delivery challan. The goods can be brought back on the same delivery challan.
- c. The particulars required to be specified on the delivery challan are specified in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b iii on page no. 75](#)]. In addition to the mandatory particulars, the Industry Members may also declare that the goods are being moved for display at the exhibition on not for sale basis and shall be brought back at the end of the exhibition.
- d. A template of the delivery challan is provided in Chapter Eight: Formats and Appendix [[refer to para II D on page no. 100](#)].

**Domestic exhibitions that permit sale:**

- a. GST Registration:
  - The Industry Member would be required to undertake registration as 'Casual Taxable Person' in case the exhibition is held in state where Industry Member is not registered.
  - The above registration is required to be applied at least 45 days prior to the commencement of business.
  - The registration as Casual Taxable Person is

temporary and has maximum validity of 90 days from the effective date of registration.

- The Industry Member while obtaining such a registration is required to make advance deposit of estimated GST liability payable on expected sales in such an exhibition.
  - In the advance GST deposit is made in excess of actual liability, the differential thereof can be taken as refund.
- b. Participating in exhibition where Industry Member has taken GST registration as Casual Taxable Person:
    - Sending goods to such registration would qualify as taxable supply under the GST laws.
    - Accordingly, Industry Member is required to issue an invoice [or e-invoice in case the turnover exceeds INR 10 crores (INR 5 crores with effect from 01.08.2023)] for sending such goods.
    - For the quantum of goods sold, the Industry Member shall issue an invoice (or e-invoice, as applicable).
    - In order to bring back the unsold quantum of the goods at the end of exhibition, the Industry Member shall raise an invoice (or e-invoice as applicable) from Casual Taxable Person registration to its premises where such goods are being brought back.
    - The particulars required to be disclosed on such invoices are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b i on page no. 71](#)].
    - E-invoicing related provisions are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b ii on page no. 71](#)].
    - The tax invoices or e-invoices (as required above) shall be issued by the Industry Member at the time of removal of goods.
    - A template of the tax invoice is provided in Chapter Eight: Formats and Appendix [[refer to para II A on page no. 97](#)].
    - The Industry Member may also refer to part II of this Chapter on page 30 for normal sales related compliances.

c. Participating in exhibition in the same state where Industry Member is registered:

- The place of exhibition may be required to be declared as additional place of business in Industry Member's GST registration.
- Goods can be sent and brought back from such premises by issuance of Delivery Challan.
- The particulars required to be specified on the delivery challan are specified in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II K b iii on page no. 75]. In addition to the mandatory particulars, the Industry Members may also declare that the goods are being moved for display at the exhibition on not for sale basis and shall be brought back at the end of the exhibition.
- A template of the delivery challan is provided in Chapter Eight: Formats and Appendix [refer to para II D on page no. 100].
- A tax invoice or e-invoice [in case turnover exceeds INR 10 crores (or INR 5 crores with effect from 01.08.2023) in financial year] would be required to be issued by Industry Member for goods sold at such exhibition.
- The particulars required to be disclosed on such invoices are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II K b i on page no. 71].
- E-invoicing related provisions are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para II K b ii on page no. 71].
- The tax invoices or e-invoices (as required above) shall be issued by the Industry Member at the time of removal of goods.
- A template of the tax invoice is provided in Chapter Eight: Formats and Appendix [refer to para II A on page no. 97].
- The Industry Member may also refer to part II of this Chapter on page 30 for normal sales related compliances.

#### **B. IT Act :**

Not Income Tax implications if no sale of goods is made at such exhibitions.

However, in case the goods are sold, the following implications would apply:

- a. TCS implications:
  - The jeweller may be required to collect TCS at the rate of 0.1% of the goods sold.
  - The said TCS requirement does not apply if:
    - i. The buyer is required to deduct TDS.
    - ii. The transaction or the aggregate of transactions do not exceed INR 50 lacs.
    - iii. The turnover of jeweller is less than INR 10 crores in the immediately preceding financial year.
      - The compliances in relation to TCS have been covered in Chapter Seven: Tax Rates, Procedures and General Compliances.
- b. Computation of Taxable Income: The sale value of jewellery shall be considered in the computation of taxable income, liable to tax as profits and gains from business.

#### **C. Hallmarking compliances:**

The jewellery being sold is required to be hallmarked. Exclusions to the requirement of hallmarking have been covered in Chapter Seven: Tax Rates, Procedures and General Compliances [refer to para IV on page no. 91].



**V. Sale on unfixed amount:**

In some of the instances, the Industry Members, undertake certain sale transactions for an unfixed consideration. In these types of transactions, sale invoice is raised basis the prevailing gold rate on bullion exchange along with other charges (making charges, etc.) on the date of transactions.

Subsequently, on the date of settlement, the differential amount is settled by the supplier by way of issuance of debit note or credit note. The usual time gap between the date of sale and settlement thereon is lesser than 6 months.

**A. GST Law:****a. Valuation:**

- i. The transaction would initially be entered into at a notional rate which could be prevailing the market rate on the date of such transaction.
- ii. Subsequently, the parties involved would adopt the value of transactions on the basis of the prevailing market rate on the date of settlement.

**b. Key documents:**

- i. On the date of sale:
  - The jeweller shall issue a tax invoice at the time of the removal of jewellery at the value prevailing on the date of sale.
  - The particulars required to be disclosed on such invoice are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II K b i on page no. 71 \]](#).
  - If the turnover of the jeweller exceeds INR 10 crores (or INR 5 crores w.e.f. 01.08.2023) in a financial year, such jeweller is required to issue an e-invoice. E-invoicing related provisions are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II k b ii on page no. 71\]](#).
  - The tax invoice or e-invoice, as may be applicable, shall be issued by the vendor at the time of removal of goods.
  - A template of the tax invoice is provided in Chapter Eight: Formats and Appendix [\[refer to para II A on page no. 97 \]](#).

## ii. On date of settlement:

- Increase in value as compared to date of sale – debit note for the differential value shall be issued by the jeweller along with GST at the rate of 3%.
- On the differential GST portion, the jeweller is required to pay interest at the rate of 18% (per annum) if the transaction is not settled within the same month. The period of delay would be from the date of sale to the due date of the filing Form GSTR-3B for the month in which Debit Note is issued.
- There is no time limit to issue Debit Notes under the GST laws.
- Decrease in value as compared to date of sale – Credit Note to be issued by the jeweller.
- The particulars required to be disclosed in debit or credit notes are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II K b iv on page no. 76 \]](#).
- A single debit or credit note can be issued against or multiple invoices, however, reference to each of the invoices is required to be disclosed on such debit or credit note being issued.
- Time limit for issuance of credit note: Credit Notes for a financial year can be declared in GST returns filed up to 30<sup>th</sup> November of subsequent financial year.
- Template of the credit note, and the debit note is provided in Chapter Eight: Formats and Appendix [\[refer to para II B and C on page no. 98 & 99 \]](#)

**c. Tax Rate:**

- The jewellery is classifiable under HSN 7113; the applicable GST rate is 3%.

**B. IT Act:**

- a. TCS implications:
  - i. The jeweller required to collect TCS at the rate of 0.1% of the goods sold. The said TCS requirement does not apply if:
    - The buyer is required to deduct TDS

- The transaction or the aggregate of transactions does not exceed INR 50 lacs
  - The turnover of jeweller is less than INR 10 crores in the immediately preceding financial year
- ii. The compliances in relation to TCS have been covered in Chapter Seven: Tax Rates, Procedures and General Compliances.
- b. Computation of taxable Income: The sale value of jewellery shall be considered in the computation of taxable income, liable to tax as profits and gains from business.

### **C. Hallmarking compliances:**

The jewellery being sold is required to be hallmarked. However, there are exclusions to the requirement of hallmarking and the same have been covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para IV on page no. 91](#)].



### **VI. Gold / Jewellery received directly from customer (old gold transaction):**

In some of the scenarios, the Industry Members receive gold either in raw form (gold bars, biscuits, etc.) or as gold jewellery from the customers. The customers provide such gold so as to make a new jewellery as per the agreed design.

#### **The aforesaid transaction is undertaken in two methods:**

- a. Job-work arrangement with the customer (*the customer is required to be registered under the GST law to qualify as principal*) – Under this arrangement, the Industry Members undertake some treatment or process prior to sending the goods to other job-workers. The consideration is recovered as job-work charges.
- b. Provision of manufacturing services (other than job-work) on the inputs belonging to the customer– Under this arrangement, the Industry Members do not undertake any process or treatment on goods by self or the customer is an unregistered party. Such transactions do not qualify as job-work. The consideration is recovered as making charges.

#### **A. GST Laws:**

##### **a. Valuation**

- i. The value of services, either job-work or making charges, would be the value as quoted on the tax invoice issued by the jeweller.
- ii. The Industry Members may either disclose the inputs used by them in the process of manufacturing separately on such invoice (sale of goods) or recover the same at a consolidated price (composite supply), depending on the contractual arrangement.
- iii. In case the above services are provided to related persons, valuation rules as set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II G c on page no. 68](#)] shall be complied with.

##### **b. Tax rate**

- i. The job-work or making charges are classifiable under the service code 9988.
- ii. The tax rate on job-work service would be 5% whereas on making charges (i.e., in cases other than job-work), the same would be 18%.

**c. Key Documents**

- i. The Industry Members are required to issue a tax invoice for the services provided as a job-worker or making charges.
- ii. The particulars required to be disclosed on such invoice have been set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b i on page no.71](#)].
- iii. If the turnover of the jeweller exceeds INR 10 crores [or INR 5 crores with effect from 01.08.2023] in a financial year, such jeweller is required to issue an electronic invoice (e-invoice). E-invoicing related provisions are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b ii on page no. 71](#)].
- iv. Time frame for issuance of invoice:
  - Generally: within one month from the date of completion of services or on the date of receipt of payment, whichever is earlier.
  - Continuous supply of services:
  - Date for payment is specified in the contract – The invoice shall be issued on or before such date of payment.
  - Date of payment is not ascertainable from the contract – The invoice shall be issued before or at the time when the supplier receives the payment.
  - In case the payment is linked to completion of an event – The invoice shall be issued before or on the date of completion of such event.
- v. A template of the tax invoice for is provided in Chapter Eight: Formats and Appendix [[refer to para II A on page no. 97](#)].

**B. IT Act:**

There are no TCS implications on the above transaction. The consideration earned by the industry member shall be considered in the computation of total income liable to income tax.

**C. Hallmarking compliances:**

Not applicable

**VII. Sales undertaken directly from job-worker's premises**

The Industry Members undertake sales from their premises. However, the CGST Act has enabling provisions that permits direct sale from the job-worker's location, subject to undertaking the required compliances.

**A. GST Laws:****a. Key Documents**

- i. For the sale of goods from job-worker's premises:
  - The jeweller to issue a tax invoice at the time of removal of jewellery from job-worker's premises at the value prevailing on the date of sale.
  - The copy of such invoice may be provided to the job-worker and the logistics vendor / person carrying such goods.
  - The particulars required to be disclosed on the invoices are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[Refer to para II K b i on page no. 71](#)].
  - The Jeweller is required to issue an e-invoice; in case the turnover of such jeweller exceeds INR 10 crores (or INR 5 crores with effect from 01.08.2023) in a financial year. Requirements of e-invoicing are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[Refer to para II K b ii on page no. 71](#)].
  - A template of the tax invoice is provided in Chapter Eight: Formats and Appendix [[refer to para II A on page no. 97](#)].
- ii. Key Considerations
  - Undertaking supply of goods from the job-worker's premises is permissible provided the job-worker is registered under the GST laws.
  - However, if the job-worker is not registered under the GST laws, the principal has to declare "job-worker's premises" as an additional place of business in his GST registration. The aforesaid requirement is not mandatory in cases where goods are not supplied from job-worker's premises directly.

- The responsibility to maintain proper accounts for the inputs and capital goods shall be of the principal.

**B. IT Act:**

- a. TCS implications:
  - The jeweller may be required to collect TCS at the rate of 0.1% of the goods sold.
  - The said TCS requirement does not apply if:
    - i. The buyer is required to deduct TDS.
    - ii. The transaction or the aggregate of transactions do not exceed INR 50 lacs.
    - iii. The turnover of the jeweller is less than INR 10 crores in the immediately preceding financial year.
  - The compliances in relation to TCS have been covered in Chapter Seven: Tax Rates, Procedures and General Compliances.

- b. Computation of taxable Income: The sale value of jewellery shall be considered in the computation of taxable income, liable to tax as profits and gains from business

**C. Hallmarking compliances:**

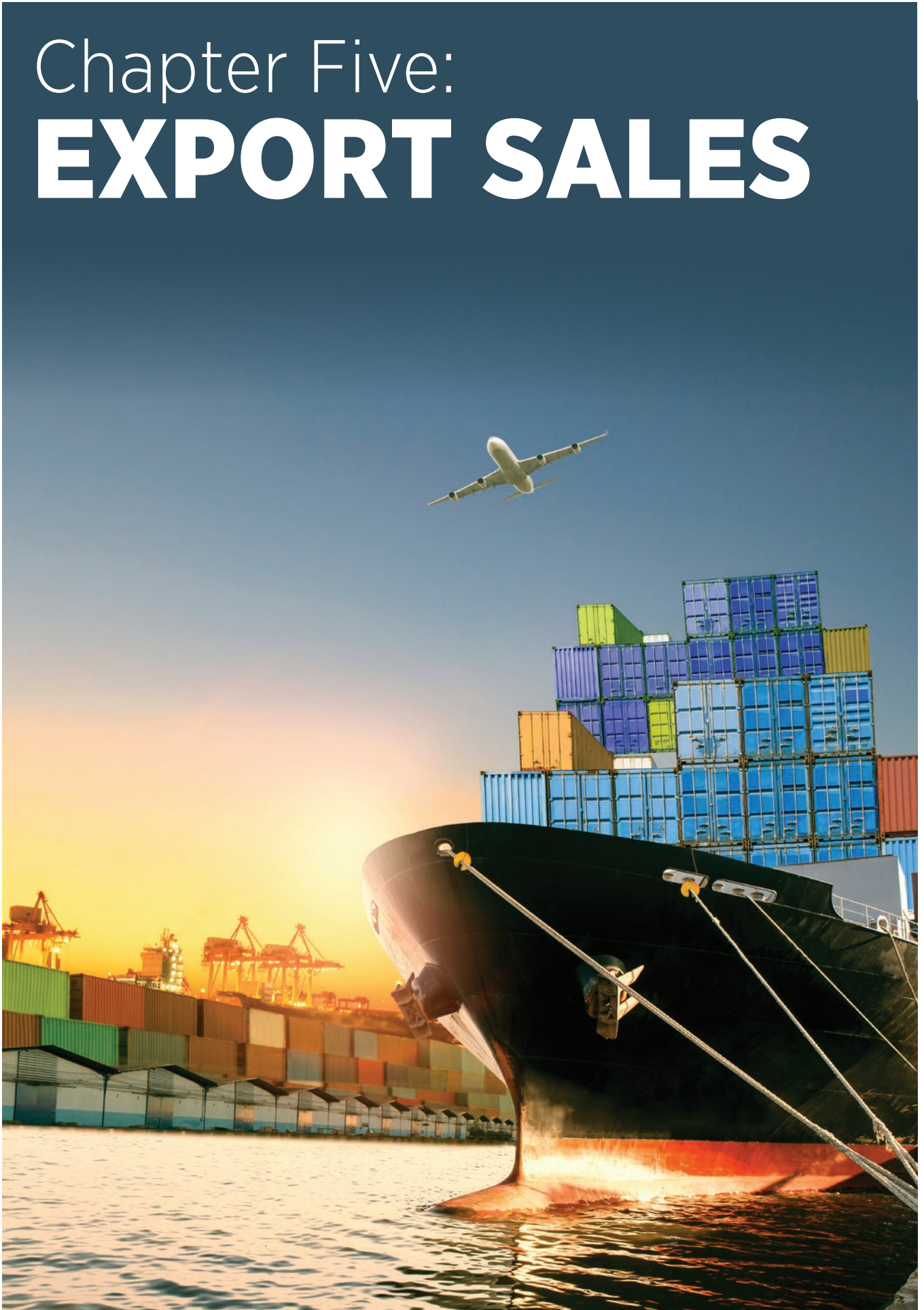
The jewellery being sold is required to be hallmarked. Exclusions to the requirement of hallmarking have been covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para IV on page no. 91](#)].

**VIII. Movement of goods other than by way of supply**

Covered in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b iii on page no. 75](#)].



# Chapter Five: **EXPORT SALES**



## I. Background

The common modes by which the Industry Members export the jewellery are covered in this part of SOP.

## II. Normal Exports

This part of the SOP deals with the routine export sales undertaken by the Industry Members.

### A. Customs Law:

- Standard export procedure such as filing of the shipping bill would need to be complied with.
- Additionally, valuation provisions as set out in Chapter Seven: Tax Rates, Procedures and General Compliances shall have to be complied with. [[refer to para I C b on page no. 61](#)]

### B. GST Laws:

#### a. Tax Rate

- i. The jewellery is classifiable under HSN heading 7113.
- ii. If the exports are on the payment of Integrated Tax, the GST rate shall be 3%.

#### b. Key Documents

- i. The jeweller shall issue a tax invoice at the time of removal of jewellery at the value prevailing on the date of sale.
- ii. The particulars required to be disclosed on such invoice are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b i on page no. 71](#)].
- iii. Declarations as stated below are to be stated on such invoice:
  - Export on payment of Integrated Tax: Supply meant for export with the payment of Integrated Tax.
  - Export without payment of tax: Supply meant for export under a letter of undertaking without payment of Integrated Tax.
- iv. If the turnover of the jeweller exceeds INR 10 crores [or INR 5 crores with effect from 01.08.2023] in a

financial year, such jeweller is required to issue an e-invoice. E-invoicing related provisions are set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para II K b ii on page no. 71](#)].

- v. The tax invoice or e-invoice, as applicable, shall be issued by the vendor at the time of removal of goods.
- vi. A template of the tax invoice is provided in Chapter Eight: Formats and Appendix [[refer to para II A on page no. 97](#)].

### c. Other Key Considerations

- i. Sale invoice of jewellery: The invoice of sale of jewellery would include:
  - Sale price of the jewellery:
    - *marked to Purchase certificate (PC) issued by Nominated Agency/Bank in case export is on fixed price basis.*
    - *marked to Notional Price certificate issued by Nominated Agency or GJEPC, not older than 7(seven) days from the date of export, in case of export on Unfix price basis.*
  - Making charges.
  - Hallmarking charges.
- ii. The above would be treated as a composite supply in terms of Section 2(30) of the CGST Act wherein the principal supply would be the sale of jewellery.
- iii. Accordingly, applicable HSN Chapter would be 7113 and the tax rate on all charges would be 3%.

### C. IT Act:

There are no TCS implications on the above transaction. The sale value of jewellery shall be considered in the computation of taxable income, liable to income tax as profits and gains of business.

### D. Hallmarking compliances:

Not applicable



### III. Sales on approval / Exhibitions / Export Promotion Tours, etc.

#### A. The Industry Members send goods out of India for sale on approval basis. The phases involved in such transactions are explained below:

- a. Jewellery is sent to the customer on approval basis
- b. Out of the stock sent, the customer approves either the entire stock / or some of the jewellery.
- c. The unapproved stock is reimported back by the Industry Member.

#### B. Participation in exhibitions outside India or Export Promotion Tours, etc.:

- a. The Industry Members participate in some of the international gold jewellery exhibitions held outside India.
- b. The said exhibitions do not permit sale of the jewellery. However, some of such exhibitions may permit the same.
- c. The Industry Member also undertake export promotion tours to international markets or may take the goods outside India for business promotion / brand building activities.

#### C. This part of the SOP sets out the procedures required to be adopted to send goods outside on approval and for receiving back the unapproved quantity:

##### A. Customs Law and FTP

##### i. Monetary Limits and Timelines

Sr. No.	Category	Mode of Transport	Value Limit (USD in Millions)	Re-import timeline
1	Foreign Exhibitions	Airfreight / Post Parcel	No Limit	60 days in all cases and 90 days in case of USA from the closing of last exhibition.
		Personal Carriage	5	
2	Export Promotion Tours / Photo Shoot / Fashion Shows / Temporary Display / Sale	Airfreight / Post Parcel	1	45 days from date of departure
		Personal Carriage	1	

##### ii. Valuation provisions as set out in Chapter Seven: Tax Rates, Procedures and General Compliances [[refer to para I C b on page no. 61](#)] to be complied with.

##### iii. To send the goods outside India on approval / exhibitions:

- Standard export procedure such as filing of shipping bill would need to be complied with.
- The Industry Member to issue a delivery challan (as covered in the GST Laws section below) and declare that the goods are being sent on approval basis.

##### iv. On re-import of unapproved / unsold goods:

- The re-import of unapproved goods is exempted in terms of Serial no. 5 of Notification 45/2017 – Customs dated 30th June 2017.
- A bill of entry is required to be filed for the clearance of the unapproved goods being sent back by claiming the abovementioned exemption.

- The said exemption is available only when it is proved to the satisfaction of the Customs Authorities that the goods being reimported are same as the goods initially exported.
- The said exemption is available when the unapproved goods are re-imported within 3 years from the date of export. The said limit can be extended by 2 years on sufficient cause being shown to the Customs Authorities.

v. Procedures and Compliance requirements of GJEPC:

- Foreign Exhibitions:

Sr. No.	Participation under India pavilion in an exhibition organised by GJEPC	Direct Participation in an exhibition in GJEPC's Calendar	Participation in any other Exhibition
1	Online Application on GJEPC portal for exhibition approval (including declaration on mode of transport)	Online Application on GJEPC portal for exhibition approval (including declaration on mode of transport)	For any show to be declared as a public exhibition other than council's calendar, the show needs to be approved by the competent authority/committee by preparing a formal note
2	Passport copy of the Company representatives travelling for the show.	Letter of allotment from organisers (Scanned copy)	Online Application on GJEPC portal for exhibition approval (including declaration on mode of transport)
3	Proof evidencing of employee of the company wherever applicable	Passport copy of the Company representatives travelling for the show	Permission/Approval granted to the organiser from Local Govt. for organising the exhibition
4	Self-declaration to be acknowledged by the applicant.	Proof evidencing of employee of the company wherever applicable	Letter of allotment from organisers (Scanned copy)
5		Self-declaration to be acknowledged by the applicant.	Promotional material like Website link, proof of advertisement, Brochure, along with floorplan etc.
6		Invoice payment/ Payment proof (Swift copy)	Invitation from the organizer confirming allotment (Stamped and Signed from organizer)
7			Passport copy of the Company representatives travelling for the show.
8			Proof evidencing of employee of the company wherever applicable
9			Self-declaration to be acknowledged by the applicant.
10			Invoice payment/ Payment proof (Swift copy).

- Export Promotion Tours/Temporary Display/Fashion Show/Photo Shoot etc.:

Sr. No.	Export Promotion Tours	Temporary Display in Shops & Showrooms	Others (E.g.: Photo shoot, Fashion Shows, Private Design Competition etc.)
1	Online Application on GJEPC portal for exhibition approval (including declaration on mode of transport)	Online Application on GJEPC portal for exhibition approval (including declaration on mode of transport)	Online Application on GJEPC portal for exhibition approval (including declaration on mode of transport)
2	Passport copy of the Company representatives travelling for the tour	The exhibition can be classified as under: a. Individual Exporter has its own show in some hotel b. Organized by Private organizer with one/multiple jewellers participating from one or more countries c. One to one Participation with a jeweler or otherwise	Permission / Approval granted to the organizer from Local Govt. for venue taken on rental to conduct the event like Fashion Show
3	Invitation from the Shop/ Showroom owner/Organiser confirming permission to hold display within his premises & period	Invitation from the owner of the venue if space is not taken on rent. (Stamped and Signed from organizer)	
4	Proof evidencing of employee of the company wherever applicable	Copy of Registration of Shop/ Showroom owner with local authority/ Proof of venue booking/ Proof of payment of participation charges/ Confirmation copy to organiser from exhibitor	Promotional material like Website link, proof of advertisement, Brochure etc. for such event
5		Payment details for venue booking of hotel/ Trade licence of organiser/Floor Plan	Invoice / Payment proof (Payment advise / swift copy)
6		Passport copy of the Company representatives travelling for the tour.	Passport copy of the Company representatives travelling for the tour.
7		Proof evidencing of employee of the company wherever applicable	Proof evidencing of employee of the company wherever applicable
8		Invoice payment/ Payment proof (Swift copy)	Masterpieces must be sent (only few pieces, not complete stock)
9		Maximum duration is of 15 days. However, it may be increased by 7 days with proper justification from exhibitor and organizer.	Other terms & conditions as per the competition details
10			Promotional material like Website link, proof of advertisement, Brochure etc. for such event

- The approvals are for exhibitions / export promotion tours are issued by GJEPC 15 days prior to the commence of exhibition / tour.

**B. GST Laws:**

- i. Time limit and other provisions for goods sent on approval / display at exhibition:
  - The goods sent on approval or for display at the exhibition do not qualify as supply as on the date of sending such goods.
  - The time limit to receive back the unapproved quantum of goods displayed at exhibition is 6 months from the date of removal of goods.
  - In case the goods are not returned within the above time frame, the goods sent shall be treated as supply upon the expiry of said six months.
  - In case of goods sold, the same shall be treated as zero-rated supplies.
- ii. Document to be issued:
  - To send the goods on approval / exhibition:
    - The goods are to be sent by issuance of a delivery challan.
    - The said delivery challan should be in the format laid out in Chapter Eight: Formats and Appendix [\[refer to para II D on page 100 \]](#).
    - The Industry Member may additionally disclose the following on such delivery challan:
      - o Goods sent on approval: The goods are being sent on approval and not as an outright sale. Any unapproved quantity thereof would be brought back within six months from the date of removal.
      - o Display at exhibition: The goods are being sent for display at exhibition at <<place where such exhibition is held>> and not as an outright sale. Post such exhibition, the quantity displayed or any unsold quantum (as applicable) shall be brought back within six months from the date of removal.
    - The Industry Member may additionally declare that the goods are sent on approval or for display at the exhibition and not as an outright sale. Any unapproved quantity thereof would be sent back within 6 months from the date of sending goods.
  - On approved portion of goods / goods sold at exhibitions:
    - The quantity approved by the customer / sold at the exhibition will be treated as a 'zero rated' supply on the date of such approval / sale.
    - On such date, the jeweller shall issue a tax invoice or e-invoice [if turnover exceeds INR 10 crores (INR 5 crores with effect from 01.08.2023)] for the quantity approved by the customer / sold at the exhibition.
    - The particulars to be stated in such invoice are covered in Chapter Seven: Tax Rates, Procedures and General Compliances [\[refer to para II K b i on page no. 71 \]](#)
    - A template of the tax invoice is provided in Chapter Eight: Formats and Appendix [\[refer to para II A on page no. 97 \]](#).
    - Pursuant to the issuance of invoice, the jeweller can claim refund of unutilized ITC on the quantity approved / sold at exhibitions even if such jeweller does not have LUT.

- Specific compliances in relation to export on approval:

- The records of goods sent on approval / exhibition and sold thereof are to be maintained in the format stated below:

Folio No. / Reference No.	De-scription of speci-fied goods	Quan-tity unit (Nos./ grams/ piece etc.)	Value per unit	Total value of the speci-fied goods	Date of re-moval from place of busi-ness	Delivery Challan No. & date		Shipping Bill no. & Date		Details of specified goods sup-plied (i.e., specified goods not brought back)		Invoice no. & date		Details of speci-fied goods brought back		Bill of Entry No. & Date	
						No.	Date	No.	Date	Quan-tity	Val-ue	No.	Date	Quan-tity	Val-ue	No.	Date
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)

**C. IT Act:**

There are no TCS implications on the above transaction. The sale value of the quantity approved by the customer or sold at the exhibition shall be considered in the computation of total income, liable to income tax as profits and gains of business.

**D. Hallmarking compliances:**

Not applicable



## Chapter Six:

# **SCHEMES UNDER FOREIGN TRADE POLICY AND CUSTOMS ACT**



## I. Advance Authorization

### A. Background

Advance Authorisation is a scheme under the Foreign Trade Policy and is issued to allow duty free import of input, which is physically incorporated in export product (making normal allowance for wastage).

Exporters of gems and Jewellery can import / procure duty free input for manufacture of export product (excluding Integrated Tax and Compensation Cess leviable under Section 3(7) and 3(9) of Customs Tariff Act).

### B. Advance Authorization for precious metals

Advance Authorisation for precious metals is granted on pre-import basis with 'Actual User' condition for duty free (excluding Integrated Tax and Compensation cess) import of Gold of fineness not less than 0.995 and mountings, sockets, frames and findings of 8 karat and above.

*Note: Advance Authorisation Scheme is not available where the item of export is 'Gold Medallions and Coins' or 'Gold jewellery/articles manufactured by fully mechanized process'.*

### C. Export Products (for gold jewellery industry)

Gold jewellery including partly processed jewellery, and articles including medallions and coins (excluding legal tender coins), whether plain or studded, containing gold of 8 karat and above up to a maximum limit of 22 Karat.

Gold religious idols (only gods and goddesses) of 8 Karat and above (up to 24 Karat) can also be exported subject to the following conditions:

- a. Exports would be subject to 100% examination by the Approved Government Valuer.
- b. Foreign remittance has to be realized within a period of 3 months from the date of export.
- c. Exporters must submit the confirmed export order before effecting export.
- d. Distinction must be made between a religious idol and simply moulded gold article/idol.
- e. Exports may be allowed only by actual manufactures of such idols.

Findings like posts, push backs, locks which help in collating the jewellery pieces together, containing gold of 3 karats and above up to a maximum limit of 22 karats.

### D. Manner of making application

The application for advance authorisation for gold is required to be made online at "<https://www.dgft.gov.in/CP>" and click on "Online Ecom Application" under the services tab.

### E. Entitlement

Entitlement of quantity of the gold against the export of articles made out of it is the quantity of gold in item of export plus the admissible wastage / manufacturing loss.

In the case of Studded Jewellery, the calculation of the quantum of precious metal is to be done excluding the weight of studding.

**F. Wastage Norms**

The wastage norms prescribed for gold jewellery are set out below:

S. No.	Items of Export	Percentage of wastage by weight with reference to export item
(a)	Plain jewellery, articles, and ornaments like Mangalsutra containing gold and black beads / imitation stones, cubic zirconia diamonds, precious, semi-precious stones.	2.5%
(b)	Studded jewellery and articles thereof	5.0%
(c)	Mountings and findings manufactured (by non-mechanised process) indigenously	2.5%
(d)	Any jewellery/ articles manufactured by a fully mechanised process and unstudded. (not applicable under Advance Authorisation)	0.9%
(e)	Mountings, whether imported or indigenously procured/manufactured, used in studded jewellery	1.8%
(f)	Gold / silver / platinum medallions and coins (excluding coins of nature of legal tender) (not applicable under Advance Authorisation)	0.2%
(g)	Findings and mountings manufactured by mechanised process	0.9%
(h)	Gold religious idols (only gods and goddess) of 8 carats and above (up to 24 carats)	Plain Gold idols - 2.5% Studded Gold idols - 5%

**G. Value Addition Norms**

The goods manufactured using the gold imported under the Advanced Authorisation Scheme will need to mandatorily achieve the prescribed Value Addition determined using the following formula

$$VA = \{(A-B)/B\} * 100$$

Where,

VA = Value Addition.

A = FOB value of export realized/FOR value of supply received.

B = Value of inputs (including domestically procured) such as gold content in the export product plus admissible wastage along with the value of other items such as gemstones, etc. Wherever gold has been obtained on loan basis, value shall also include interest paid in free foreign exchange to foreign supplier.

The minimum value addition which is required to be satisfied is tabulated below:

Sl. No.	Items of Export	Minimum value addition
(a)	Plain gold / platinum / silver jewellery and Articles and ornaments like Mangalsutra containing gold and black beads / imitation stones, except in studded form of jewellery.	3.5%
(b)	All types of Studded gold / platinum / silver Jewellery and articles thereof.	6.0% (for those studded with colored Gemstones) and 7.0% (for those studded with diamonds).
(c)	Any jewellery / articles manufactured by fully mechanized process (not applicable under Advance Authorisation)	2.0%
(d)	Gold / silver / platinum medallions & coins (excluding coins of nature of legal tender) (not applicable under Advance Authorisation)	1.5%
(e)	Gold / silver / platinum findings / mountings manufactured by mechanized process	2.5%
(f)	Gold religious idols (only gods and goddess of 8 carats and above) [up to 24 carats]	10% in case of plain gold religious idols (Non studded). 14% in case of plain gold religious idols studded with colour gem stones. 15% in case of gold religious idols studded with diamonds.

Note: wastage to be recorded at actuals and such loss cannot exceed the limits prescribed.



**H. Manner of Exports**

The resultant goods manufactured using the gold imported under the Advanced Authorisation Scheme will be allowed by airfreight and Foreign Post Office through the Customs House at:

- A. Mumbai
- B. Kolkata
- C. Chennai
- D. Delhi
- E. Jaipur
- F. Bangaluru
- G. Kochi
- H. Coimbatore
- I. Ahmedabad
- J. Dabolin Airport, Goa
- K. Hyderabad
- L. Surat (Surat Hira Bourse).

Export by courier is allowed through the Custom Houses at Mumbai, Kolkata, Chennai, Kochi, Coimbatore, Delhi, Jaipur, Bangaluru, Ahmedabad and Hyderabad up-to FOB value of Rs.20 lacs per consignment.

In case of Export of jewellery through Foreign Post Office including via Speed Post, the jewellery parcel shall not exceed 20 kgs by weight. At the time of exports, exporter shall submit the following documents:

- A. Shipping bills or Tax invoice for export/supplies as prescribed under the GST rules presented at Foreign Post Office.
- B. Certificate from nominated agencies indicating the price at which gold/ silver/platinum was booked or given on outright sale basis or loan basis.
- C. Three copies of Tax invoices for the export/supplies as prescribed under GST rules.

**I. Proof of Exports**

- A. Exporter is required to furnish the following documents as proof of exports:
  - a. Self-attested copy of Exporter's copy of the Shipping Bill;
  - b. Tax invoice for export/supplies as prescribed under CGST/SGST/UTGST rules whose particulars are uploaded on LEO copy of Shipping Bill;
  - c. Bank certificate/e-BRC of realisation / export realisations from RBI's EDPMS wherever available in DGFT IT System.
- B. In case of personal carriage of jewellery by foreign

buyer, the following documents should be submitted by the exporter/seller as proof of exports:

- a. Copy of the shipping bill filed by the Indian Seller.
  - b. Copy of the Currency Declaration Form filed by the Foreign Buyer with Customs at the time of his arrival; and
  - c. Foreign Exchange Encashment Certificate from Bank.
- C. Additionally, Personal Carriage on Documents against Acceptance (DA)/Cash on Delivery (COD) basis is also allowed. The Exporter will have to furnish following documents as proof of exports for claiming export entitlements:
- a. Copy of Shipping Bill filed by Indian Seller; and
  - b. Bank Certificate/e-BRC of Export and Realization / export realisations from RBI's EDPMS wherever available in DGFT IT system.

Instructions issued by Customs Department in this regard should be followed mutatis mutandis.

**J. Requirements in respect of shipping bill and invoice**

For export of gold jewellery, the shipping bill and the invoice presented to customs should contain following details:

- a. Description of the item, its purity, Net content of Gold/Silver/Platinum and wastage claimed thereon.
- b. Total weight of the gold/ silver/ platinum content and wastage claimed.
- c. Equivalent quantity in terms of 0.995/0.999 fineness for gold / silver and in terms of 0.9999 fineness for platinum and its value.
- d. FOB value of exports and the value addition achieved.
- e. If the purity of gold / silver / platinum used is the same in respect of all or some of items made out from each of these metals for export, exporter may give the total weight of the gold/silver/platinum and other details of such similar items which are of same purity.
- f. In case of studded items, the shipping bill shall also contain the description, weight and value of precious / semi-precious stones / diamonds /

pearls used in the manufacture and weight / value of any other precious metals used for alloying gold/silver.

### K. Export Obligation Discharge Certificate

On completion of the exports and imports, the Authorisation holder is required to submit an online application in ANF-4F. If EO has been fulfilled, the Regional Authority issues an EODC / Redemption Certificate to the Authorisation holder and forwards a copy to the Customs authority at the port of registration of Authorisation indicating the same details of proof of fulfilment of export obligation.

## II. Remission of Duties or Taxes on Export Products

### A. Background

Remission of Duties or Taxes on Export Products ('RoDTEP') is a scheme that provides for rebate of all Central, State and Local duties/taxes/levies (which have not already been refunded under any other scheme) on goods exported out of India. The RoDTEP scheme has been in effect since 01.01.2021.

The scheme would allow exporters of gems and jewellery sector to claim the refund of duties/taxes/levies imposed during the manufacturing process in India.

### B. The RoDTEP Scheme

The RoDTEP scheme allows eligible exporters to claim a rebate at a notified rate as a percentage of the FOB value with a value cap per unit of the exported product (if required). In certain cases, instead of a rate as a percentage, the scheme provides for a fixed quantum of rebate amount per unit. Such rates and fixed quantum amount are notified in Appendix 4R (Notification No. 55 dated 07.02.2023).

*Note: Rebate is allowed subject to the receipt of sale proceeds within time allowed under Foreign Exchange Management Act, 1999 ('FEMA'). If the exporter fails to realize the sale proceeds within the time period under FEMA, the exporter on their own accord or on demand by the proper officer, is required to repay the amount of duty credit. Presently, the exporter is required to realize the proceeds within 9 months from the date of export. The same can be extended up to 15 months based on sufficient cause being shown by the exporter.*

### C. Procedure to claim rebate under RoDTEP Scheme

- a. In order to avail the RoDTEP Scheme, an exporter has to make a claim for RoDTEP in the shipping bill in the given format:

In the shipping bill for each item:

INFO TYPE	DTY	
INFO QFR	RDT	
INFO CODE	RODTEPY	<If RoDTEP availed>
	RODTEPN	<If RoDTEP not availed>
INFO MSR	Quantity of the items in statistical Unique Quantity Code ('UQC') for the Item	
INFO UQC	UQC for the quantity indicated in INFO_MSR	

- b. If RODTEP has been availed then additionally, the following statement needs to be made in the Statement Table of the shipping bill:

STATEMENT TYPE	DEC
STATEMENT CODE	RD001

Such a statement indicates that the exporter has made the necessary declaration as required to claim benefit under the RoDTEP.

- c. Once EGM is filed, the said claim will be processed by Customs Department;
- d. Once processed, a scroll with all individual Shipping Bills for the admissible amount would be generated and made available to the exporter via their ICEGATE account;
- e. Once the scroll is generated, an exporter can create an e-scrip account under e-scrip tab on their dashboard on ICEGATE portal;
- f. Subsequently, exporters can log in into their account and generate scrip after selecting the relevant shipping bill.

A step by step guide as issued by the CBIC as Advisory No. 01/2021 dated 01.01.2021 is available on the ICEGATE Portal. The link for the same provided below:

[https://cip.icegate.gov.in/CIP/static/images/doc/RoDTEP/ICES\\_Advisory\\_01\\_2021.pdf](https://cip.icegate.gov.in/CIP/static/images/doc/RoDTEP/ICES_Advisory_01_2021.pdf).

#### **D. Form of Rebate under the RoDTEP Scheme**

- a. The rebate issued under the scheme is in the form of e-scrips which can be used only for payment of duty of Basic Customs Duty.
- b. Such e-scrips are only valid for a period 1 year from the date of creation in the electronic ledger.
- c. Further, if the said e-scrip remains unutilized after the said time period, it would lapse and cannot be restored.
- d. Furthermore, e-scrips can be transferred free of charge from the electronic ledger of one person to the electronic ledger of another person.

*Note: When any e-scrip is transferred, duty credit available with the e-scrip shall be transferred as a whole and cannot be transferred in part. Further, the validity of the scrip will also remain unchanged.*

#### **E. Utilization of scrips during the time of import**

- a. The owner of the scrip (can be the original exporter or any other IEC holder to whom a scrip was transferred) can use aforesaid scrips in BoE for the payment of Basic Customs Duty ('BCD').
- b. To avail the scrip, the detail of the scrip is required to be provided in the license table of desired BoE.
- c. The scheme code to be used in Bill of Entry for these scrips would be "RD" along with Notification No. as "RODTEP".



### **III. Export against supply by foreign buyer**

- A. Where export orders are placed on nominated agencies/status holder/exporters of three years standing, having an annual average turnover of INR 5 crores during the preceding three financial years, the foreign buyer may supply in advance and free of charge, gold/silver/platinum, alloys, findings, and mountings of gold/silver/platinum for the manufacture and export.
- B. These supplies can also be made in advance and involve semi-finished jewellery including findings/mountings/components for repairs/re-make and export subject to the minimum value addition.
- C. Exports may be made by the nominated agencies directly or through their associates or by status holder/exporter. Import and Export shall be on net-to-net basis.

### **IV. Duty Drawback under Customs Act**

#### **A. Background:**

- a. The Industry Members undertaking export of goods can claim Duty Drawback under the Customs Act of the customs duty paid on inputs imported by them.
- b. Duty drawback is of two types -
  - i. Drawback on re-export of imported goods [Section 74 of Customs Act, 1962]
  - ii. Drawback on goods imported for manufacture / processing of export goods [Section 75 of the Customs Act]
- c. Claim of drawback is available when no other benefits under FTP have been claimed by the exporter.
- d. The Duty Drawback excludes the Integrated Tax being paid on imports; and the same can be claimed as credit / refund under GST laws by the exporter.

#### **B. Drawback on imported goods used in manufacture of export goods:**

- a. Type of Drawback rates:
  - i. All Industry Rate - Central Government prescribes the drawback rates for the broad categories of products.

- ii. Brand Rate – An exporter can make an application to Principal Commissioner / Commissioner of Customs having jurisdiction over the place of export for fixation of Brand Rate. The Brand Rate can be applied only in cases where All Industry Rates are not prescribed for the exported product.
- iii. Special Brand Rate – In cases where All Industry Rate prescribed for the exported product is less than 80% of the duties paid on imported goods, an application for Special Brand Rate can be made by the exporter. The said application is to be filed with the Principal Commissioner/ Commissioner of Customs having jurisdiction over the place of export.

b. Key nuances for Gold Jewellery Sector:

i. All Industry Rates:

Tariff Item	Description of goods	Unit	Drawback rate	Drawback cap per unit in Rs.
7101	Pearls, natural or cultured, whether or not worked or graded but not strung, mounted or set; pearls, natural or cultured, temporarily strung for convenience of transport		Nil	
7102	Diamonds, whether or not worked, but not mounted or set		Nil	
7103	Precious stones (other than diamonds) and semiprecious stones, whether or not worked or graded but not strung, mounted or set; ungraded precious stones (other than diamonds) and semi-precious stones, temporarily strung for convenience of transport		Nil	
7104	Synthetic or reconstructed precious or semiprecious stones, whether or not worked or graded but not strung, mounted or set; ungraded synthetic or reconstructed precious or semi-precious stones, temporarily strung for convenience of transport		Nil	
7105	Dust and powder of natural or synthetic precious or semi-precious stones		Nil	
7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form		Nil	
7107	Base metals clad with silver, not further worked than semi-manufactured		Nil	
7108	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form		Nil	
7109	Base metals or silver, clad with gold, not further worked than semi-manufactured		Nil	
7110	Platinum, unwrought or in semi-manufactured form, or in powder form		Nil	
7111	Base metals, silver or gold, clad with platinum, not further worked than semi-manufactured		Nil	

Tariff Item	Description of goods	Unit	Drawback rate	Drawback cap per unit in Rs.
7112	Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap containing precious metal or precious metal compounds, of a kind used principally for the recovery of precious metal other than goods of heading 8549		Nil	
7113	<b>Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal</b>			
711301	Articles of jewellery and parts thereof, made of gold	Gms.	Rs. 431.1 per gram of net gold content (.995 or more purity) in the jewellery	
711302	Articles of jewellery and parts thereof, made of silver	Kg	Rs. 4105.6 per kg of net silver content (.999 purity) in the jewellery	
7114	<b>Articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metal or of metal clad With precious metal</b>			
711401	Articles made of silver	Kg	Rs. 4105.6 per kg of net silver content (.999 purity) in the article	
711499	Others		Nil	
7115	Other articles of precious metal or of metal clad with precious metal		Nil	
7116	Articles of natural or cultured pearls, precious or semi-precious stones (natural, synthetic or reconstructed)		Nil	

- ii. In order to claim the drawback, the goods have to be exported by airfreight, post parcel or authorised courier through the Custom Houses, after examination by the Customs Appraiser or Superintendent to ascertain the quality of gold or silver and the quantity of net content of gold or silver in the gold jewellery or silver jewellery or silver articles. The free on board value of any consignment through uthorized courier shall not exceed rupees twenty lakhs.
- iii. Upper Limit: The drawback under All Industry Rate cannot exceed one-third of the market price of the exported goods.
- iv. Other key aspects:
  - If the goods are exported by post, the outer packing shall carry the words "DRAWBACK EXPORT". The exporter shall also deliver the quadruplicate copies of claim of drawback to the competent postal authority.
  - In case the goods are exported other than by way of post, the shipping bill shall state the following:
    - o Gross and net weight of gold / silver content

- o a claim for drawback under these rules is being made;
- o in respect of duties of Customs and Central Excise paid on containers, packing materials and materials used in the manufacture of the export goods on which drawback is claimed, no separate claim for rebate of duty under the Central Excise Rules, 2002 or any other law has been or will be made to the Central Excise authorities.
- Documents to be filed along with the drawback claim:
  - o Shipment invoice or any other document stating description, quantity and value of the goods to be exported.
  - o Copy of registration with GJEPC
  - o In case drawback is claimed under Brand Rate or Special Brand Rate - exporter has to declare that:
    - o there is no change in the manufacturing formula and in the quantum per unit of the imported materials or components, if any, utilized in the manufacture of export goods; and
    - o the materials or components, which have been stated in the application for Brand Rate or Special Brand Rate to have been imported, continue to be so imported and are not being obtained from indigenous sources.
  - o copy of export contract or letter of credit, as the case may be;
  - o copy of ARE-1, wherever applicable;
  - o insurance certificate, wherever necessary; and
  - o copy of communication regarding rate of drawback where the drawback claim is for special brand rate determined by the Principal Commissioner of Customs or Commissioner of Customs.
  - o Any other document as required as per the jurisdictional Customs Authorities for the claim of drawback.
- v. Industry Member shall receive the sale proceeds in respect of exported goods within the time allowed under the FEMA. Presently, the exporter is required to realize proceeds within 9 months from the date of export. The same can be extended up to 15 months on sufficient cause being shown by the exporter.
- vi. In case the goods sent outside India on sale on approval or for exhibitions, etc. and such goods are sold outside India, the Industry Member is required to undertake suitable amendment in the shipping bill to claim drawback.

**C. Drawback on re-export of imported goods:**

- a. The importer can claim a maximum of 98% of the duty paid on the imported goods as duty drawback.
- b. Conditions for claiming drawback:
  - i. The exporter has to prove to the satisfaction of the Assistant Commissioner / Deputy Commissioner of Customs that the goods being exported are the same as the imported goods.
  - ii. The goods are entered for re-export within two years from the date of payment of duty on imported goods.

c. Proportion of drawback in case the goods are used before re-export:

Sr. No.	Length of period between the date of clearance for home consumption and the date when the goods are placed under Customs control for export	Percentage of import duty to be paid as Drawback
1	Not more than three months	95%
2	More than three months but not more than six Months	85%
3	More than six months but not more than nine months	75%
4	More than nine months but not more than twelve months	70%
5	More than twelve months but not more than fifteen months	65%
6	More than fifteen months but not more than eighteen months	60%
7	More than eighteen months	Nil

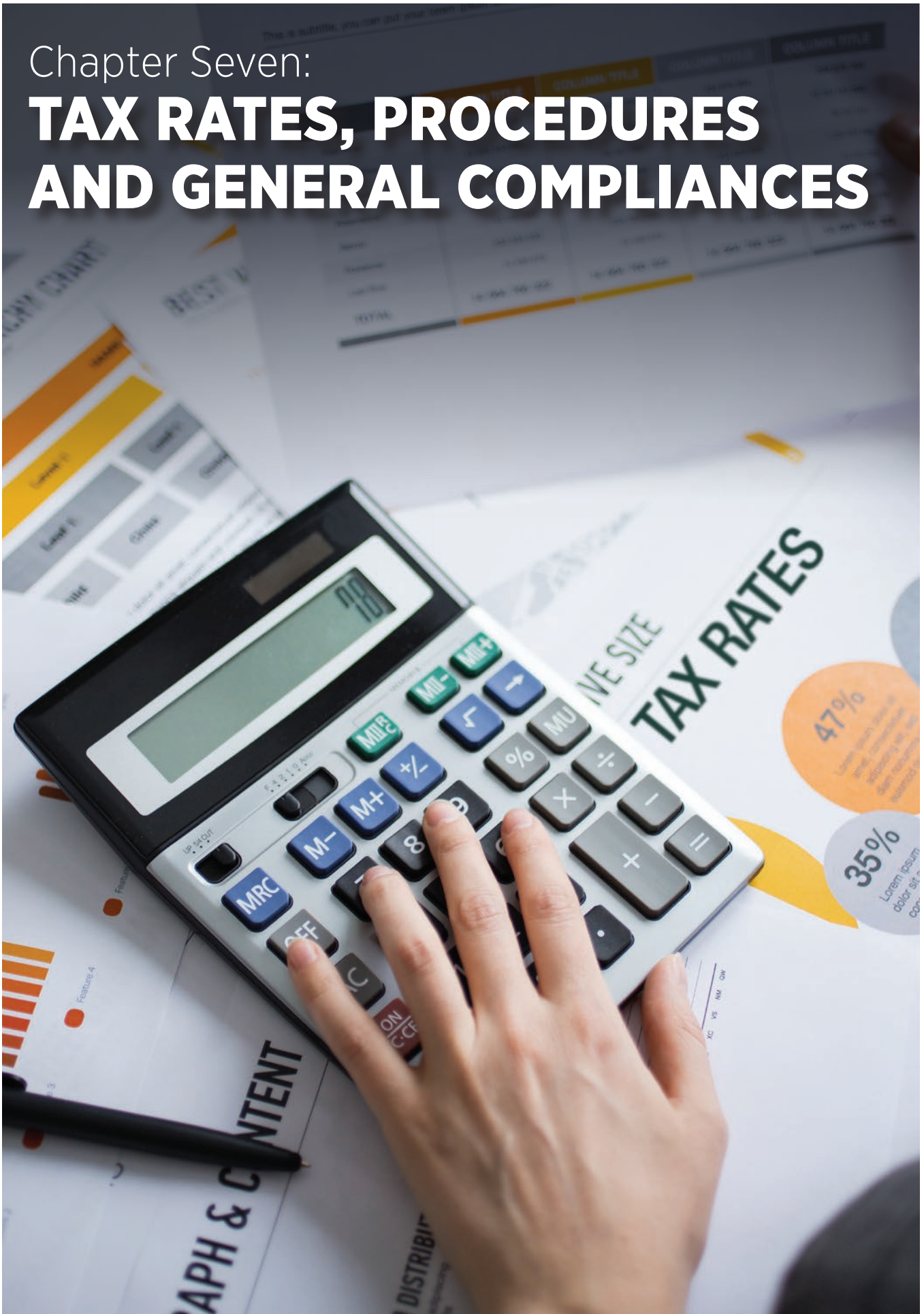
*Notification No. 23/2008 – Customs dated 01.03.2008*

**d. Other key aspects:**

- i. If the goods are exported by post, the outer packing shall carry the words “DRAWBACK EXPORT”. The exporter shall also deliver the claim of drawback to the competent postal authority.
- ii. In case the goods are exported other than by way of post, the shipping bill shall state the following:
  - the export is being made under a claim for drawback under section 74 of the Customs Act.
  - that the duties of customs were paid on the goods imported.
  - that the goods imported were not taken into use after importation.
 or
  - that the goods were taken in use.
- iii. The claim for drawback is to be applied within 3 months from the date on which an order permitting clearance and loading of goods for exportation is made by proper officer of customs.
- iv. The above time limit can be extended by Assistant Commissioner or by Principal Commissioner / Commissioner of Customs by 3 months or 6 months respectively on payment of application fee.
- v. Documents to be filed along with the drawback claim:
  - Triplicate copy of the Shipping Bill bearing examination report recorded by the proper officer of customs at the time of export.
  - Copy of Bill of Entry or any other prescribed document against which goods were cleared on importation.
  - Import invoice.
  - Evidence of payment of duty paid at the time of importation of the goods.
  - Permission from Reserve Bank of India for re-export of goods, wherever necessary.
  - Export invoice and packing list.
  - Copy of Bill of lading or Airway bill.
  - Any other documents as may be specified in the deficiency memo.

Chapter Seven:

# TAX RATES, PROCEDURES AND GENERAL COMPLIANCES





**I. Customs Law****A. Tax rates:**

The Custom Duty Rates as applicable on the common imports of the Industry Members of gold jewellery sector are stated below<sup>2</sup> :

Tariff Item	Description of Goods	Unit	Rate of Duty		Effective Duty
			Standard	Preferential	
(1)	(2)	(3)	(4)	(5)	(6)
7108	<b>GOLD (INCLUDING GOLD PLATED WITH PLATINUM) UNWROUGHT OR IN SEMI-MANUFACTURED FORMS, OR IN POWDER FORM</b>				
	- Non-monetary:				
7108 11 00	- Powder	kg.	10%	-	10%
7108 12 00	- Other unwrought forms	kg.	10%	-	10%
7108 13 00	- Other semi-manufactured forms	kg.	10%	-	10%
7108 20 00	- Monetary	kg.	10%	-	10%
7111 00 00	<b>BASE METALS, SILVER OR GOLD, CLAD WITH PLATINUM, NOT FURTHER WORKED THAN SEMI- MANUFACTURED</b>	kg.	10%	-	10%

<sup>2</sup>Please note that the Rate of Duty may differ in case the procurements are under Trade Agreements, schemes prescribed in FTP or under specific exemption notifications.

Tariff Item	Description of Goods	Unit	Rate of Duty		Effective Duty
			Standard	Preferential	
(1)	(2)	(3)	(4)	(5)	(6)
<b>III. — JEWELLERY, GOLDSMITHS' AND SILVERSMITHS' WARES AND OTHER ARTICLES</b>					
7113 <sup>3</sup>	ARTICLES OF JEWELLERY AND PARTS THEREOF, OF PRECIOUS METAL OR OF METAL CLAD WITH PRECIOUS METAL				
	- Of precious metal whether or not plated or clad with precious metal:				

Tariff Item	Description of Goods	Unit	Rate of Duty		Effective Duty
			Standard	Preferential	
(1)	(2)	(3)	(4)	(5)	(6)
7113 11	- Of silver, whether or not plated or clad with other precious metal:				
7113 11 10	- Jewellery with filigree work	Kg.	25%	-	25%
	- Other Jewellery :				
7113 11 41	- Unstudded	Kg.	25%	-	25%
7113 11 42	- Studded with pearls	Kg.	25%	-	25%
7113 11 43	- Studded with diamonds of heading 7102	Kg.	25%	-	25%
7113 11 44	- Studded with diamonds of heading 7104	Kg.	25%	-	25%
7113 11 45	- Studded with other precious and semi-precious stones	Kg.	25%	-	25%
7113 11 49	- Other	Kg.	25%	-	25%
7113 11 90	- Parts	Kg.	25%	-	25%
7113 19	- Of other precious metal, whether or not plated or clad with precious metal :				
	- Of gold:				
7113 19 11	- Unstudded	Kg.	25%	-	25%
7113 19 12	- Studded with pearls	Kg.	25%	-	25%
7113 19 13	- Studded with diamonds of heading 7102	Kg.	25%	-	25%
7113 19 14	- Studded with diamonds of heading 7104	Kg.	25%	-	25%
7113 19 15	- Studded with other precious and semi-precious stones	Kg.	25%	-	25%
7113 19 19	- Other	Kg.	25%	-	25%
	- Of Platinum				
7113 19 21	- Unstudded	Kg.	25%	-	25%

Tariff Item	Description of Goods	Unit	Rate of Duty		Effective Duty
			Standard	Preferential	
(1)	(2)	(3)	(4)	(5)	(6)
7113 19 22	- Studded with pearls	Kg.	25%	-	25%
7113 19 23	- Studded with diamonds of heading 7102	Kg.	25%	-	25%
7113 19 24	- Studded with diamonds of heading 7104	Kg.	25%	-	25%
7113 19 25	- Studded with other precious and semi-precious stones	Kg.	25%	-	25%
7113 19 29	- Other	Kg.	25%	-	25%
7113 19 60	- Parts	Kg.	25%	-	25%
7113 19 90	- Other	Kg.	25%	-	25%
7113 20 00	- Of base metal clad with precious metal	Kg.	25%	-	25%

<sup>3</sup>For the purpose of this entry, "gold or silver findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of jewellery in place for which the effective rate shall be at rate of 10%..

## **B. Import compliance:**

### a. General Documents Required for filing Bill of Entry:

- i. Commercial invoice cum Packing List;
- ii. Bill of Lading / Airway Bill;
- iii. Other documents such as Certificate of Origin, inspection certificate, etc. may be required depending on the item that is to be imported.

### b. Import of Gold Bars:

- i. Only entities nominated by DGFT are permitted to import gold into India. Such permitted entities are as follows:
  - Metals and Minerals Trading Corporation Limited (MMTC);
  - Handicraft and Handloom Export Corporation (HHEC);
  - State Trading Corporation (STC);
  - Project and Equipment Corporation of India Limited. (PEC);
  - STCL Limited;
  - MSTC Limited;

- Diamond India Limited (DIL);
  - Four Star Export House from Gems & Jewellery sector as may be recognized as nominated agencies by Regional Authority in terms of the Foreign Trade Policy;
  - Any bank as authorized by the Reserve Bank of India as Nominated Agency.
- ii. Further, various conditions are required to be satisfied for import of gold bars into India. Such conditions are as follows:
- Import of gold in the form of coins and medallions is prohibited;
  - Importer/exporter is required to have a valid Importer Exporter Code (IEC)
  - Entities/units in the SEZ and EOUs, Premier and Star Trading Houses would be permitted to import gold exclusively for the purpose of exports. These entities will not be permitted to clear the imported gold for any purpose other than for exports;
  - Gold imported against any authorization such as Advance Authorization/Duty Free Import Authorization (DFIA) should be utilized for export purposes only and there can be no diversion for domestic use;
  - All gold imports must be routed through customs bonded warehouses;

*Note: Imports under various CTH may require additional regulatory compliances. For example, imports under CTH 7108 12 00 require pre-arrival regulatory clearance [in the form of License, Permit, Certificate or Other Authorization (LPCO)] from the Agencies concerned such as RBI and DGFT.*

### c. Valuation Rules for Import

#### i. General Rule

- Value of imported goods should be the transaction value;
- If the buyer and seller are unrelated, then such transaction value is to be accepted;
- If the buyer and seller are related, then such transaction value is to be accepted provided it can be shown that such a relationship has

not influenced the price;

- Such transaction value is inclusive of charges incurred in respect of services such as commission, cost of packing etc.
- If the value cannot be determined under the general rule, then the value is required to be determined following the below mentioned rules sequentially;

*Note: If the Proper Officer has doubts on the value declared, he may seek further information from the exporter. In case where such response is not provided or the Proper Officer has doubts over the value declared, the value of exports may not be determined under this Rule.*

#### ii. Identical and Similar value Rule

- Under this rule, the transaction value of identical goods in a sale at the same commercial level and in substantially the same quantity as the goods being valued shall be used to determine the value of imported goods;
- If the transaction value of identical goods is sold at a different commercial level or in different quantities or both is used and then adjusted to take into account difference attributable to commercial level or to the quantity, then such an adjustment is required to be made on the basis of evidence which can justify accuracy of such an adjustment;
- If identical goods cannot be traced, then in such a scenario, value of similar goods shall be used;

#### iii. Deductive value Rule

- If the imported goods (identical or similar) that are being valued are sold in India in the condition as imported or about the time at which the declaration for determination of value is presented, the value of imported goods shall be based on the unit price at which the imported goods or identical or similar imported goods are sold in the greatest aggregate quantity to persons who are not related to the sellers in India;
- If such goods are referred above are not sold in India at the time of valuation, value of such goods should be based upon the unit price at which the imported goods or identical or similar imported goods are sold

in India, at the earliest date after importation but before the expiry of ninety days after such importation.

iv. Computed value Rule

Computed value shall be based on the following:

- Cost of production, manufacture or processing of imported goods.
- Charges, if any, for the design or brand;
- An amount towards profit.

v. Residual Method Value

- The value shall be determined as per the reasonable means consistent with the general provisions of the valuation rules.
- The said value shall not only be based on the prevailing local market price of the imported goods.

**C. Export compliance:**

a. General Documents Required for filing of a Shipping Bill:

- i. Commercial invoice cum Packing List;
- ii. Bill of Lading / Airway Bill;
- iii. Other documents such as Certificate of Origin, inspection certificate, etc. may be required depending on the item that is to be exported.

b. Valuation Rules for Exports

i. General Rule:

- The value of exports shall be the transaction value.
- The said value would be accepted even if the buyer and seller are unrelated provided the relationship has not influenced the price.
- If the value cannot be determined by the above, the same shall be determined as per the rules mentioned below in their stated sequence.
- Note: If the Proper Officer has doubts on the value declared, he may seek further information from the exporter. In case where such response is not provided or the Proper Officer has doubts over the value declared, the value of exports may not be determined under this Rule.

ii. Value by comparison:

- Determined by the value of goods of like kind and quality exported at or about the same time to other buyers in the same destination country.
- In case the buyer of the same destination country is not available, another destination country would be considered after making reasonable adjustments taking into consideration, the following:
  - o Difference in the dates of exportation
  - o Difference in the commercial levels and quantity levels
  - o Difference in the composition, quality, and design between the goods to be assessed and the goods with which they are being compared
  - o Difference in the domestic freight and insurance charges depending on the place of exportation.

iii. Computed value:

Computed value shall be based on the following:

- Cost of production, manufacture or processing of export goods
- Charges, if any, for the design or brand
- An amount towards the profit.

iv. Residual method:

- The value shall be determined as per the reasonable means consistent with the general provisions of the valuation rules.
- The said value shall not only be based on the prevailing local market price of the export goods.

c. Time limit for the realization of export proceeds

Export proceeds are to be realized within nine months from the date of exports.

An exporter who has not been able to realize the outstanding export dues despite best efforts, may either self-write off or approach the AD Category - I banks, who had handled the relevant shipping documents, with appropriate supporting documentary evidence. The limits prescribed for

write-offs of unrealized export bills are as under:

Particulars	Limit	Limit (%) in relation to
Self-write-off by an exporter (Other than the Status Holder Exporter)	5%	Total export proceeds realized during the calendar year preceding the year in which the write-off is being done
Self-write-off by Status Holder Exporter	10%	
Write-off by AD Category-1 Bank	10%	

#### **D. E-Commerce Operations in International Market:**

Ministry of Finance has issued a Standard Operating Procedure ('E-Commerce SOP') wherein detailed the process for export of jewellery has been clarified.

##### **a. Export**

###### **i. Eligibility**

The E-Commerce SOP is applicable on e-commerce export of jewellery made of precious metals (whether not studded or set with precious or semi-precious stones) falling under CTH 7113 (excluding parts of jewellery falling under CTH 7113 11 90 and CTH 7113 19 60) and 7117 of the First Schedule of the Customs Act.

Re-import of jewellery under simplified regulatory framework is only available at the following ICT:

- ICT Mumbai;
- ICT Delhi;
- ICT Bengaluru.

###### **ii. Documents Required**

To avail benefits of the simplified regulatory framework available under the E-Commerce SOP, the following documents are required,

- Invoice/invoice-cum-packing list containing product description;
- Packing List (if not included as part of the invoice in (i));
- Photos of the export item;
- Photos of the product package/outer covering;
- Image of the product listing on the e-commerce platform; and

- Image from the online payment gateway service provider or e-commerce platform evidencing payment confirmation.

- Any additional document that may be required to aid identification or valuation of the export such as Hallmark etc.

###### **iii. Procedure**

- Courier Shipping Bill in Form CSB-V is required to be filed by the authorized courier on behalf of the exporter on Express Cargo Clearance System ('ECCS');

- o For the purpose of CSB-V, seller registered on the e-commerce platform will be the exporter and the buyer on the e-commerce platform shall be the consignee.

- o Details to be provided in the CSB-V include but is not limited to,

- Website name/URL of the e-commerce platform;

- Payment transaction ID;

- Order number and date on the e-commerce platform;

- Jewellery related information such as SKU no., precious metal content, purity and relevant specifications of precious stones such as dimensions, quantity, origin, cut, clarity, colour, karat etc.

- The payment for such an export is required to be realized in advance by way of electronic payment through electronically generated identification;

- The courier shall then proceed to present the export goods to the proper officer with a declaration from the exporter about the contents and value;

- Assessment/Examination will be processed by the Risk Management System ('RMS') or in certain cases as per the intelligence based interdiction.

- In the course of such assessment/examination, it will be first carried out via x-ray scanning and thereafter by Customs under CCTV surveillance preferably in a pre-designated secure area.

*Note: If any package is opened by the Customs for assessment or examination, then a self-adhesive sticker will be affixed stating that the courier has been “opened and sealed by Indian Customs”.*

- If the Assessment/Examination are proper, then Let Export Order (**‘LEO’**) will be issued.

#### **b. Re-Import**

The E-Commerce SOP mentioned above has also clarified the simplified regulatory framework for re-import of e-commerce exports (if the same has been returned through the same e-commerce platforms).

##### **i. Eligibility**

- Re-import of jewellery under simplified regulatory framework is only available at the following ICT:
  - o ICT Mumbai;
  - o ICT Delhi;
  - o ICT Bengaluru.
- Original packing is required to be re-imported with the jewellery even if the same is not properly packed.

*Note: If the jewellery was not cleared for import, then the returned package must be intact.*

- FOB value of jewellery under re-import is not more than Rs. 25,000 at the time of export;
- Bill of Entry is filed within 45 days of issue of LEO;
- Jewellery under import conforms and co-relates with the description provided in the CSB-V;
- CIF value of such-reimport for an IEC holder in a financial year does not exceed 2% of the total FOB exported (Under CTH 7113 and 7117 excluding 71131190 and 71131960) in the previous financial year or Rs. 1,00,000. (Whichever is greater);
- Total number of such Bills of Entry shall not exceed 5% of the total CSB-V filed (Under CTH 7113 and 7117 excluding 71131190 and 71131960) in the previous financial year;

*Note: For FY 2022-23, CIF value of re-import for any IEC holder should not exceed Rs. 50,000 and total number of Bills of Entry should not exceed 5.*

- Any tax benefit at the time of export is neutralized;

- The identity of the jewellery under re-import is same as the one exported and the same has not been enhanced or altered.

##### **ii. Documents Required**

- Image of the return confirmation page on the e-commerce platform is provided with the Bill of Entry;
- The export is required to be reconciled by proper filing of Export General Manifest (**‘EGM’**);
- Re-importing exporter is required to have a valid IEC and Registration-cum-Membership Certificate issued by the GJEPCC;
- Each Bill of Entry is required to contain item-wise details corresponding with concerned CSB-V;

##### **iii. Procedure**

- A bill of Entry (**‘BoE’**) is required to be filed for re-import for the same Importer-Exporter Code (**‘IEC’**) and at the same international courier terminal from where CSB-V was filed;
- Return transaction is required to be initiated by the same consignee to whom the said jewellery was exported under the CSB-V;

*Note: A courier or a logistic agent can also initiate the return if the jewellery could not be cleared for import.*



**II. GST Laws:****A. Tax Rates:**

The rates applicable on various inputs and input services as well sale of the finished product are stated below:

Chapter / Heading / Sub-heading / Tariff item	Description of goods	IGST Rate
(1)	(2)	(3)
7101	Pearls, natural or cultured, whether or not worked or graded but not strung, mounted or set; pearls, natural or cultured, temporarily strung for convenience of transport	3.00%
7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	3.00%
7107	Base metals clad with silver, not further worked than semi-manufactured	3.00%
7108	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	3.00%
7109	Base metals or silver, clad with gold, not further worked than semi-manufactured	3.00%
7110	Platinum, unwrought or in semi-manufactured forms, or in powder form	3.00%
7111	Base metals, silver or gold, clad with platinum, not further worked than semi-manufactured	3.00%
7112	Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap containing precious metal or precious metal compounds, of a kind used principally for the recovery of precious metal	3.00%
7113	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal	3.00%
7114	Articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metal or of metal clad with precious metal	3.00%
7117	Imitation jewellery [other than bangles of lacs/shellacs]	3.00%
7403	Refined copper and copper alloys, unwrought	18%
7404	Copper waste and scrap	18%
7405	Master alloys of copper	18%
7326	Other articles of iron or steel	18%
9988	Manufacturing services on physical inputs (goods) owned by others: (i) Services by way of job work in relation to- (a) Printing of newspapers; (b) Textiles and textile products falling under Chapter 50 to 63 in the First Schedule to the Customs Tariff Act, 1975 except services by way of dyeing or printing of the said textile and textile products (c) all products other than diamonds falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (d) Printing of books (including Braille books), journals and periodicals; (da) printing of all goods falling under Chapter 48 or 49, which attract IGST @ 5 per cent. or Nil; (g) all products falling under Chapter 23 in the First Schedule to the Customs Tariff Act, 1975, except dog and cat food put up for retail sale falling under tariff item 23091000 of the said chapter; (i) manufacture of handicraft goods. Explanation. - The expression "handicraft goods" shall have the same meaning as assigned to it in the notification No. 32/2017 -Central Tax, dated the 15th September, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 1158 (E), dated the 15th September, 2017 as amended from time to time	5%



Chapter / Heading / Sub-heading / Tariff item	Description of goods	IGST Rate
(1)	(2)	(3)
9988	Manufacturing services on physical inputs (goods) owned by others: (id) Services by way of job work other than [(i), (ia), (ib), (ic) and (ica) ] above;	12%
9988	Manufacturing services on physical inputs (goods) owned by others: [(iv) Manufacturing services on physical inputs (goods) owned by others, other than [(i), (ia), (ib), (ic), (ica), (id), (ii), (iia) and (iii)] above.	18%

### **B. Concept of Supply:**

- a. 'Supply' is a pivotal term under the GST regime. The concept of supply has been introduced for the first time in the Indian Indirect tax regime. The introduction of this new concept of supply has made many concepts redundant such as manufacture of goods, sale of goods, provision of services, etc., which had been the taxing events under the pre-GST regime.
- b. Supply is defined to include "all forms of supply of goods and/or services such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business". Further, supplies also include such supplies specified in Schedule I to the CGST Act, which are made or agreed to be made without a consideration.
- c. Schedule I inter alia covers the following supplies-
  - i. Supply of goods or services between related persons or distinct persons, when made in the course or furtherance of business [Gift provided to employees shall be a supply, if the value of same exceeds INR 50,000 to an employee in a financial year].
  - ii. Supply of goods by a principal to his agent or by an agent to his principal, where agent undertakes to supply/receive such goods on behalf of the principal.
  - iii. Import of services by a taxable person from a related person or any of his other establishments outside India.
- d. As per Schedule III of the CGST Act, "services by an employee to the employer in relation to his employment" do not qualify as supply.

### **C. Composite Supplies and Mixed Supplies:**

- a. Composite supply comprising of two or more supplies, naturally bundled, one of which is a principal supply, shall be treated as a supply of such principal supply. For instance, hallmarking charges, transportation charges etc. which are incurred for the customer, would be treated in the same manner as the consideration for the corresponding product (being the principal supply) and taxed accordingly.
- b. Mixed supply- Two or more individual supplies of goods or services, or any combination thereof, made in conjunction with each other by a taxable person for a single price where such supply does not constitute a composite supply, shall be treated as supply of that particular supply which attracts the highest rate of tax. For instance, where a gold ring and a precious stone is sold for a single price, the entire transaction would attract GST rate of 3%.

### **D. Levy and Taxability:**

- a. CGST and SGST is levied on all 'intra-state supplies' of goods and/ or services and IGST is levied on all 'inter-state supplies' of goods and/ or services and is paid by the taxable person.
- b. A supply is treated as 'inter-state supply' where the location of the supplier and the place of supply are in two different states / union territories.
- c. IGST on import of goods will be levied on the value determined under the Customs Act, 1962 and the point in time when Customs duty liability arises under Section 12 of the said Act.

d. Nature of supply under GST (for goods and services) -

Location of supplier	Place of supply	Nature of transaction	Applicable GST
State A	State B	Inter-state supply	IGST
State A	State A	Intra-state supply	CGST, SGST
Import/ Export	State A/ Outside India	Inter-state supply	IGST/ Zero-rated
State A	SEZ	Inter-state supply	Zero- rated

### **E. Place of Supply:**

a. Place of supply in case of goods:

Particulars	Place of supply of goods
Where the supply involves movement of goods	Where the movement terminates for delivery to recipient
Where the goods are delivered before or during their movement either by way of transfer of the documents of title to the goods or otherwise, to a recipient or any other person on the direction of a third person [Bill to ship to transaction]	Principal place of business of such third person
Where the goods are imported into India	Location of the importer
Where the goods are exported from India	Location outside India

b. Place of supply in case of services:

Particulars	Where both supplier and recipient are in India	Where either supplier or recipient are outside India
Default principle	Location of the service recipient	Location of the service recipient
Transportation of goods	Location of the recipient	Location of the destination of goods
Performance based (where the goods are required to be physically made available)	No specific rule, hence, the default principle applies	Location where the services are actually performed
Intermediary services	No specific rule, hence, the default principle applies	Location of the supplier of services

### **F. Time of Supply:**

a. The liability to pay GST shall 'arise' at the 'time of supply' of goods/ service. It is quintessential to appropriately determine the time of supply in order to:

- i. Determine the time for payment of CGST + SGST / IGST
- ii. Establishing the period to which supplies are to be allocated for the purposes of registration, calculation of turnover, exemptions, etc.

## b. Time of Supply for Goods - General Rule

Time of supply of goods shall be the date of issue of invoice by the supplier or the last date on which he is required to issue an invoice.

## c. Time of Supply of Services – General Rule

Time of supply of services shall be the earlier of the following –

- i. If issued within a period of 30 days from the date of supply of service
  - Date of issuance of invoice
  - Date of receipt of payment (date of credit in the books or bank account whichever is earlier)
- ii. If the invoice is not issued within a period of 30 days from the date of supply of service
  - Date of provision of service
  - Date of receipt of payment (date of credit in books or bank account whichever is earlier)

## d. Time of supply of services – reverse charge basis

Time of supply of service in case of reverse charge (e.g., services received from non-resident, GTA services, services of advocates, sponsorship services etc.) shall be the earlier of the following –

- i. The date of payment as entered in the books of account of the recipient or the date on which the payment is debited in the bank account, whichever is earlier.
- ii. The date immediately following sixty days from the date of issue of invoice or any other document which is issued by the supplier in place of an invoice.

**G. Valuation:**

## a. Place of supply in case of goods:

In terms of Section 15 of the CGST Act, the value of a supply of goods and/or services will be the 'transaction value', that is the price actually paid or payable subject to the condition that:

- (a) the supplier and recipient of the supply are not related; and
- (b) the price is the sole consideration for the supply

<b>INCLUSIONS IN 'TRANSACTION VALUE'</b>	<b>EXCLUSIONS FROM 'TRANSACTION VALUE'</b>
<ul style="list-style-type: none"> <li>– Any taxes, duties, fees and charges under any other statute</li> <li>– Amount that supplier is liable to pay in relation to such supply but which has been incurred by the recipient of supply and not included in the price actually paid or payable for goods/ services</li> <li>– Incidental expenses or anything done prior to the delivery</li> <li>– Interest or late fee or penalty for the delayed payment of consideration for supply</li> </ul>	<ul style="list-style-type: none"> <li>– Any discount allowed before or at the time of supply and duly recorded in the invoice;</li> <li>– Post-supply discount established as per the agreement and specifically linked to the relevant invoices and where input tax credit (as attributable to the discount) has been reversed by the recipient of supply, on basis of the document issued by the supplier.</li> </ul>
Where the goods are exported from India	Location outside India

- a. Where the supply of goods or services is for a consideration not wholly in money, the value of supply shall include an amount which is equivalent to the consideration not in money.
- b. For imports, value to be determined as per provisions of Customs Act, 1962. For imports from related entities, this may trigger SVB proceedings.
- c. Valuation- Transaction between related/ distinct persons:
  - i. In terms Rule 28 of the CGST Rules, the taxable value for such transactions shall be either of the following-
    - the open market value of such supply;
    - if open market value is not available, value of goods or services of like kind and quality;
  - ii. If the value is not determinable in terms of the above, the value as determined by application of rule 30 (basis of cost) or rule 31 (residual), in that order.
- d. The second proviso to the said rule states “*that where the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the open market value of goods or services*”.
- e. Where GST paid on the aforesaid transactions is fully creditable, a reasonable value adopted for the same will not be disputed by the authorities.
- f. Exchange/ barter transactions:
  - i. A transaction of ‘exchange’ is specifically covered as a specie of supply under Section 3 of the CGST Act.
  - ii. Since price is not the sole consideration for the sale, as per Section 15 of the CGST Act read with Rule 27 of the CGST Rules, the taxable value shall inter alia be the market value of the new jewellery or the value of goods of like kind and quality.
  - iii. GST will typically be chargeable on the market value of the goods which are sold in exchange for the old product.

#### **H. Input Tax Credits:**

- a. Section 16 (2) of the CGST Act prescribes following conditions for taking input tax credit: -

- i. Possession of tax invoice or debit note issued by the supplier.
- ii. The details of the invoice or debit note has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in Form GSTR-2B;
- iii. Receipt of the goods or services - (no requirement for receipt in registered premise).
- iv. Tax charged has actually been paid to the Government by cash/ credit.
- v. Person taking the credit has filed his Return.
- vi. In case of supply of goods in lots / instalments, the credit shall be available upon receipt of the last lot / instalment.
- vii. Where the recipient fails to pay to the supplier (except in case of RCM), the value for supply and applicable tax within 180 days from the date of issue of invoice, an amount equal to the input tax credit availed by the recipient shall be added to his output tax liability.

*Note: The above requirement to add the ITC reversal in output tax liability is proposed to be amended vide The Finance Act, 2023. The proposed amendment states that the ITC is to be paid by the buyer along with interest under Section 50 of the CGST Act. The said amendment is yet to be notified.*

#### **b. Order of utilization**

- i. Credit of CGST paid on inputs may be used only for paying CGST on the output and the credit of SGST/UTGST paid on the inputs may be used only for paying SGST/UTGST. In other words, the two streams of input tax credit (ITC) cannot be cross utilized, except in specified circumstances of inter-State supplies for payment of IGST. The credit would be permitted to be utilized in the following manner:
  - ITC of IGST to be adjusted first against IGST, CGST / SGST in that order;
  - ITC of CGST allowed for the payment of CGST & IGST in that order;
  - ITC of SGST allowed for the payment of SGST & IGST in that order;

- ITC of UTGST allowed for the payment of UTGST & IGST in that order;
  - ITC of CGST cannot be used for the payment of SGST/UTGST and vice versa.
- c. Negative list for input tax credit:
- i. motor vehicles for transportation of persons having approved seating capacity of not more than thirteen persons (including the driver), except when they are used for making the following taxable supplies, namely: -
    - further supply of such motor vehicles; or
    - transportation of passengers; or
    - imparting training on driving such motor vehicles;
  - ii. vessels and aircraft except when they are used-
    - for making the following taxable supplies, namely: -
      - further supply of such vessels or aircraft; or
      - transportation of passengers; or
      - imparting training on navigating such vessels; or
      - imparting training on flying such aircraft.
    - for transportation of goods;
  - iii. Services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred above.
  - iv. Food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, leasing, renting or hiring of motor vehicles, vessels or aircraft referred above except when used for the purposes specified therein, life insurance and health insurance.
  - v. Membership of a club, health, and fitness centre.
  - vi. Travel benefits extended to employees on vacation such as leave or home travel concession.
  - vii. Works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service.
  - viii. Goods or services or both received by a taxable

person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

- ix. Goods or services or both on which tax has been paid under section 10.
- x. Goods or services or both received by a non-resident taxable person except on goods imported by him.
- xi. Goods or services or both used for personal consumption.
- xii. Goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples; and,
- xiii. Any tax paid in accordance with the provisions of sections 74, 129 and 130.
- xiv. Vide the Finance Act, 2023, it is proposed to restrict ITC in respect of goods or services, or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in Section 135 of the Companies Act, 2013, The aforesaid amendment is yet to be notified.

#### **I. Job-work:**

- a. A registered person may under intimation, send any inputs or capital goods, without payment of tax, to a job worker and subsequently to any other job worker and shall-
  - i. Bring back inputs after completion of job work or otherwise (within one year), or capital goods (within three years), without the payment of GST.
    - If inputs and capital goods are not received within the specified time period, it shall be deemed to have been supplied by the principal at the time when they were initially sent.
  - ii. Supply such as inputs or capital goods, after completion of job work or otherwise, directly from job worker's premises on payment of GST within India, or with or without payment of tax for export.
    - Supply can be made from job worker's premises only if the principal declares such premises as his additional place of business unless the job worker is registered.

- b. Any waste or scrap generated during the job work may be supplied by the job worker directly from his place of business on payment of GST, if the job worker is registered, or by the principal, if the job worker is unregistered.
- c. The responsibility for keeping proper accounts for the inputs or capital goods shall lie with the principal.
- d. In terms of the prescribed format of GST-ITC-04, the principal is inter alia required to provide, on a half yearly basis, value and quantity wise reconciliation of inputs sent on job work basis and thereafter received back or supplied from the premises of the job worker.
- e. Input tax credit- The principal shall be allowed to avail input tax credit on inputs or capital goods, even if directly sent to a job worker for job work without being first brought to his place of business.
- f. Documentation- The inputs or capital goods shall be sent to job worker as well as received back under the delivery challan issued by principal/ job worker respectively.

#### **J. Export and Supplies to SEZ:**

- a. All exports (whether of goods or services) as well as supplies to SEZs have been categorized as zero-rated supplies under the IGST Act.
- b. On account of zero rating of supplies, the supplier will be entitled to claim input tax credit in respect of goods or services, or both used for such supplies even though they may be non-taxable or even exempt supplies.
- c. Every person making a claim of refund on account of zero-rated supplies has two options. Either he can export under the bond/ letter of undertaking and claim refund of the accumulated input tax credit, or he may export on the payment of IGST and claim refund thereof. In case where goods are sent on approval or for exhibition, the Industry Member can only claim refund of unutilized ITC. Such a refund can be claimed within a time period of 2 years from the relevant date by filing Form RFD 01.
- d. In a case where goods are exported with the payment of Integrated Tax, the shipping bill shall be considered as an application for refund if:

- o Departure manifest or export manifest or export report as filed by person in-charge of the conveyance comprises Shipping Bill nos. and date
  - o Exporter has furnished valid Form GSTR-3B.
  - o Exporter has undergone Aadhar Authentication.
- e. The relevant date for the purpose of claiming refund shall be as follows:

Reason for claiming GST Refund	Relevant Date
<b>Excess payment of GST</b>	Date of Payment
<b>Export or deemed export of goods or services</b>	Date of dispatch/loading/ passing the frontier
<b>ITC accumulates as output is tax exempt or nil-rated</b>	Last date of the financial year to which the credit belongs
<b>Finalization of provisional assessment</b>	Date on which tax is adjusted

#### **K. Other key concepts and provisions:**

##### **a. Registration**

- i. Liability to register in such States or Union territories 'from where the taxable supply of goods or services' is made by the supplier and for this purpose the threshold aggregate turnover in a financial year is rupees twenty lacs / ten lacs (aggregate turnover to be computed on a pan-India basis).
- ii. A person having a unit in an SEZ is required to obtain separate registration for such unit.
- iii. Registration is compulsory where-
  - Casual taxable persons are making a taxable supply;
  - Persons are required to pay tax under reverse charge;
  - Persons are making a taxable supply on behalf of other taxable persons, whether as an agent or otherwise.
- iv. With regard to inter-state supply, the requirement of mandatory registration has been withdrawn.

**b. Important Documents**

## i. Invoice

- A registered person supplying taxable goods is required to issue tax invoice before or at the time of (a) removal of goods for supply to the recipient, or (b) delivery of goods or making available thereof to the recipient.
- A registered person supplying taxable services is required to issue tax invoice before or after the provision of service, but within 30 days from supply.
- All movement of goods should be made under the cover of an invoice, where applicable.
- E-invoicing is mandatory if the turnover is more than INR 10 crores. QR code is mandatory if turnover is more than INR 10 crores and supply is B2C.
- Details to be covered in a tax invoice:
  - Name, address and GSTIN of the supplier;
  - A consecutive serial number;
  - Date of its issue;
  - Name, address and GSTIN or UIN, if registered, of the recipient;
  - Name and address of the recipient and the address of delivery, along with the name of the State and its code, if such recipient is un-registered and where the value of taxable supply is fifty thousand rupees or more;
  - HSN code of goods or Accounting Code of services;
  - Description of goods or services;
  - Quantity in case of goods;
  - Total value of supply of goods or services or both;
  - Taxable value of supply of goods or services;
  - Rate of tax;
  - Amount of tax charged in respect of taxable goods or services;
  - Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;
  - Address of delivery where the same is different from the place of supply;

- Whether the tax is payable on a reverse charge basis;
- Signature or digital signature of the supplier or his authorized representative;
- Additionally, Industry Members may disclose equivalent quantity and value in terms of 0.995/0.999 fineness for gold/silver and in terms of 0.9999 fineness for platinum.

## ii. E-invoicing

The e-Invoice System is for GST registered person for uploading all the B2B invoices to the Invoice Registration Portal (IRP). The IRP generates and returns a unique Invoice Reference Number (IRN), digitally signed e-invoice and QR code to the user.

**• Applicability**

Phase	Applicable to taxpayers having an aggregate turnover of more than	Applicable date	Notification number
I	Rs 500 crore	01.10.2020	61/2020 - Central Tax and 70/2020 - Central Tax
II	Rs 100 crore	01.01.2021	88/2020 - Central Tax
III	Rs 50 crore	01.04.2021	5/2021 - Central Tax
IV	Rs 20 crore	01.04.2022	1/2022 - Central Tax
V	Rs 10 crore	01.10.2022	17/2022 - Central Tax
VI	Rs 5 crores	01.08.2023	10/2023 - Central Tax

## Turnover criteria or e Invoice limit

The taxpayers must comply with e-invoicing in FY 2022-23 and onwards if their e invoice limit or turnover exceeds the specified limit in any financial year from 2017-18 to 2021-22. Also, the aggregate turnover will include the turnover of all GSTINs under a single PAN across India.

If the turnover in the last FY was below the threshold limit but it increased beyond the threshold limit in the current year, then e-Invoicing would apply from the beginning of the next financial year i.e., FY 2023-24.

- Transactions and documents criteria

The following transactions and documents listed below fall under e-invoicing applicability –

Documents	Transactions
Tax invoices, credit notes and debit notes under Section 34 of the CGST Act	Taxable Business-to-Business sale of goods or services, Business-to-government sale of goods or services, exports, deemed exports, supplies to SEZ (with or without tax payment), stock transfers or supply of services to distinct persons, SEZ developers, and supplies under reverse charge covered by Section 9(3) of the CGST Act.

- **Who need not comply with e-Invoicing?**

However, irrespective of the turnover, e-Invoicing shall not be applicable to the following categories of registered persons for now, as notified in CBIC Notification No.13/2020 – Central Tax, amended from time to time-

Notified Businesses	Documents	Transactions
1) An insurer or a banking company or a financial institution, including an NBFC 2) A Goods Transport Agency (GTA) 3) A registered person supplying passenger transportation services 4) A registered person supplying services by way of admission to the exhibition of cinematographic films in multiplex services 5) An SEZ unit (excluded via CBIC Notification No. 61/2020 – Central Tax) 6) A government department and Local authority (excluded via CBIC Notification No. 23/2021 – Central Tax) 7) Persons registered in terms of Rule 14 of CGST Rules (OIDAR)	Delivery challans, Bill of supply, financial or commercial credit note or debit note, bill of entry, and ISD invoices.	Any Business-to-Consumers (B2C) sales, Nil-rated or non-taxable or exempt B2B sale of goods or services, nil-rated or non-taxable or exempt B2G sale of goods or services, imports, high sea sales and bonded warehouse sales, Free Trade & Warehousing Zones (FTWZ), and supplies under reverse charge.

- **Time Limit to generate e-invoice**

The taxpayers having Annual Aggregate Turnover equal to or more than INR 100 crores are required to generate e-invoices for tax invoices and credit-debit notes within 7 days of invoice or credit / debit note date.

Failure to generate e-invoice within the above time limit would invalidate the corresponding documents.

- **Process of getting an e-Invoice**

The following are the stages involved in generating or raising an e-invoice:

- o The taxpayer has to ensure to use of the reconfigured ERP system as per PEPOL standards. He could coordinate with the software service provider to incorporate the standard set for e-invoicing, i.e., e invoice schema (standards) and must have the mandatory parameters notified by the CBIC, at least.
- o Any taxpayer has got primarily two options for IRN generation:
- o The IP address of the computer system can be whitelisted on the e-invoice portal for a direct API integration or integration via GST Suvidha Provider (GSP).
- o Download the bulk generation tool to bulk upload invoices. It will generate a JSON file that can be uploaded to the e invoice portal to generate IRNs in bulk.
- o The taxpayer must thereafter raise a regular invoice on that software. He must give all the necessary details like billing name and address, GSTN of the supplier, transaction value, item rate, GST rate applicable, tax amount, etc.
- o Once either of the above options is chosen, raise the invoice on the respective ERP software or billing software. Thereafter, upload the details of the invoice, especially mandatory fields, onto the IRP using the JSON file or via an application service provider (app or through GSP) or through direct API. The IRP will act as the central registrar for e-invoicing and its authentication. There are several other modes of interacting with IRP, such as SMS-based and mobile app-based.



- o IRP will validate the key details of the B2B invoice, check for any duplications and generate an invoice reference number (hash) for reference. There are four parameters based on which IRN is generated: Seller GSTIN, invoice number, FY in YYYY-YY, and document type (INV/DN/CN).
- o IRP generates the invoice reference number (IRN), digitally signs the invoice and creates a QR code in Output JSON for the supplier. On the other hand, the seller of the supply will get intimated about the e invoice generation through email (if provided in the invoice).
- o IRP will send the authenticated payload to the GST portal for GST returns. Additionally, details will be forwarded to the e-way bill portal, if applicable. The GSTR-1 of the seller gets auto-filled for the relevant tax period. In turn, it determines the tax liability.
- o A taxpayer can continue to print his invoice as being done presently with a logo. The e-invoicing system only mandates all taxpayers to report invoices on IRP in electronic format.

• **Mandatory fields of an e-Invoice**

- o E-Invoice must primarily adhere to the GST invoicing rules. Apart from this, it should also accommodate the invoicing system or policies followed by each industry or sector in India. Certain information is made mandatory, whereas the rest of it is optional for businesses. Many fields are also made optional, and users can choose to fill up relevant fields only. It has also described every field along with the sample inputs for the interested users. One can see that certain required fields from the e-way bill format are included now in the e-invoice, such as the sub-supply type.
- o Below is the gist of the contents of the latest e-invoice format as notified on 30th July 2020 via Notification No.60/2020 – Central Tax:
- o 12 sections (mandatory + optional) and six annexures consisting of a total of 138 fields.
- o Out of the 12 sections, five are mandatory, and seven are optional. Two annexures are mandatory.
- o The five mandatory sections are basic details, supplier information, recipient information, invoice item details, and document total. The two mandatory annexures are details of the items and the document total.
- o The following fields must compulsorily be declared in an e-invoice:

S No.	Name of the field	List of choices/ specifications/sample Inputs	Remarks
1	Document Type Code	Enumerated List such as INV/CRN/DBN	Type of document must be specified
2	Supplier Legal Name	String Max length: 100	Legal name of the supplier must be as per the PAN card
3	Supplier GSTIN	Max length: 15 Must be alphanumeric	GSTIN of the supplier raising the e-invoice
4	Supplier Address	Max length: 100	Building/Flat no., Road/Street, Locality, etc. of the supplier raising the e-invoice
5	Supplier Place	Max length: 50	Supplier's location such as city/town/village must be mentioned
6	Supplier State Code	Enumerated list of states	The state must be selected from the latest list given by GSTN
7	Supplier Pin code	Six digit code	The place (locality/district/state) of the supplier's locality
8	Document Number	Max length: 16 Sample can be "Sa/1/2019"	For unique identification of the invoice, a sequential number is required within the business context, time frame, operating systems and records of the supplier. No identification scheme is to be used.

S No.	Name of the field	List of choices/ specifications/sample Inputs	Remarks
9	Preceding Invoice Reference and date	Max length:16 Sample input is " Sa/1/2019" and "16/11/2020"	Detail of original invoice which is being amended by a subsequent document such as a debit and credit note. It is required to keep future expansion of e-versions of credit notes, debit notes and other documents required under GST.
10	Document Date	String (DD/MM/YYYY) as per the technical field specification	The date when the invoice was issued. However, the format under explanatory notes refers to 'YYYY-MM-DD'. Further clarity will be required. Document period start and end date must also be specified if selected.
11	Recipient Legal Name	Max length: 100	The name of the buyer as per the PAN
12	Recipient's GSTIN	Max length: 15	The GSTIN of the buyer to be declared here
13	Recipient's Address	Max length: 100	Building/flat no., road/street, locality, etc. of the supplier raising the e-invoice
14	Recipient's State Code	Enumerated list	The place of supply state code to be selected here
15	Place of Supply State Code	Enumerated list of states	The state must be selected from the latest list given by GSTN
16	Pin code	Six digit code	The place (locality/district/state) of the buyer on whom the invoice is raised/ billed to must be declared here if any
17	Recipient Place	Max length: 100	Recipient's location (City/Town/Village)
18	IRN- Invoice Reference Number	Max length: 64 Sample is 'a5c12dca8 0e7433217...ba4013 750f2046f229'	At the time of the registration request, this field is left empty by the supplier. Later on, a unique number will be generated by GSTN after uploading the e-invoice on the GSTN portal. An acknowledgement will be sent back to the supplier after the successful acceptance of the e-invoice by the portal. IRN should then be displayed on the e-invoice before use.
19	Shipping to GSTIN	Max length: 15	GSTIN of the buyer himself or the person to whom the particular item is being delivered to
20	Shipping To State, Pin code and State code	Max length: 100 for state, 6 digit pin code and enumerated list for code	State pertaining to the place to which the goods and services invoiced were or are delivered
21	Dispatch From Name, Address, Place and Pin code	Max length: 100 each and 6 digits for pin code	Entity's details (name, and city/town/village) from where goods are dispatched
22	Is Service	String (Length: 1) by selecting Y/N	Whether or not supply of service must be mentioned
23	Supply Type Code	Enumerated list of codes Sample values can be either of B2B/B2C/ SEZWP/S EZWOP/E XP WP/EXP WOP/DE XP	Code will be used to identify types of supply such as business to business, business to consumer, supply to SEZ/exports with or without payment, and deemed export.

S No.	Name of the field	List of choices/ specifications/sample Inputs	Remarks
24	Item Description	Max length: 300 The sample value is 'Mobile' The schema document refers to this as the 'identification scheme identifier of the Item classification identifier'	Simply put, the relevant description is generally used for the item in the trade. However, more clarity is needed on how it needs to be described for every two or more items belonging to the same HSN code.
25	HSN Code	Max length: 8	The applicable HSN code for particular goods/ service must be entered
26	Item Price	Decimal (12,3) Sample value is '50'	The unit price, exclusive of GST, before subtracting item price discount, cannot be negative
27	Assessable Value	Decimal (13,2) Sample value is '5000'	The price of an item, exclusive of GST, after subtracting the item price discount. Hence, gross price (-) discount = net price item, if any cash discount is provided at the time of sale
28	GST Rate	Decimal (3,2) Sample value is '5'	The GST rate represented as a percentage that is applicable to the item being invoiced
29	IGST Value, CGST Value and SGST Value Separately	Decimal (11,2) Sample value is '650.00'	For each individual item, IGST, CGST and SGST amounts have to be specified
30	Total Invoice Value	Decimal (11,2)	The total amount of the Invoice with GST. Must be rounded to a maximum of 2 decimals

### iii. Delivery challan

- For transportation of goods not requiring an issuance of invoice, such as transfer to job worker, for transportation other than by way of supply, for exhibition, sale on approval etc., a delivery challan should be issued.
- All movement of goods should be made under cover of a delivery challan, where applicable.
- For the purpose of reflecting details in the delivery challan, value proximate to cost price may be adopted.
- Details to be covered in a delivery challan:
  - Serial number of the delivery challan;
  - Date of the delivery challan;
  - Name, address and GSTIN of the consigner, if registered;

- Name, address and GSTIN or UIN of the consignee, if registered;
- HSN code and description of goods;
- Quantity (provisional, where the exact quantity being supplied is not known);
- Taxable value;
- Tax rate and tax amount;
- Place of supply, in case of inter-State movement;
- Signature;
- Additionally, Industry Members may disclose equivalent quantity and value in terms of 0.995/0.999 fineness for gold/silver and in terms of 0.9999 fineness for platinum.
- In addition to the aforesaid, the Industry Members may also disclose, transit information i.e., the place of dispatch, place of delivery, vehicle details so that the movement of goods

can be traced through such document. The Industry Members may further mention the reason for which the goods are being moved under the delivery challan such as goods sent on job-work, sale on approval, exhibition, etc.

#### iv. Credit Notes and Debit Notes

- Credit notes may be issued in cases of goods return, price reduction, post supply discount etc. However, a tax reduction can be claimed by the supplier only where the corresponding input tax credit is reduced by the recipient.
- Debit notes may be issued for enhancing the taxable value or tax in respect of a supply.
- Details to be mentioned in credit or debit notes:
  - Name, address and Goods and Services Tax Identification Number of the supplier;
  - Nature of the document, i.e., whether it is a credit note or a debit note;
  - A consecutive serial number;
  - Date of issue of the document;
  - Name, address and Goods and Services Tax Identification Number or Unique Identity Number, if registered, of the recipient;
  - Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
  - Serial number(s) and date(s) of the corresponding tax invoice(s);
  - Value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient;
  - Signature or digital signature of the supplier or his authorized representative;
  - Additionally, Industry Members may disclose equivalent quantity and value in terms of 0.995/0.999 fineness for gold/silver and in terms of 0.9999 fineness for platinum.

#### c. Returns

GSTR	Description	Who Files?	Standard Date for filing
GSTR 1	Statement of Outward supplies of Goods or Services	Normal Person Registered	11th of the next month
GSTR 3B	Simple Monthly Return	Normal Person Registered	22nd of the next month
GSTR 9	Annual Return	Registered Person other than an ISD, TDS/TCS Taxpayer, casual taxable person and Non-resident taxpayer.	31st December of next Financial Year
GSTR 9C	Reconciliation Statement	Registered Person other than an ISD, TDS/TCS Taxpayer, casual taxable person and Non-resident taxpayer.	31st December of next Financial Year
GSTR 10	Final Return	Taxable person whose registration has been surrendered or cancelled.	Within three months of the date of cancellation or date of order of cancellation, whichever is later.

**d. HSN Code**

- Every document issued under the GST laws is required to bear HSN/SAC code in respect of concerned Goods or Services. The government has notified number of digits such HSN/SAC codes are required to specify.
  - On turnover of up-to 5Cr: 4 Digits
  - On turnover of more than 5Cr: 6 Digits
  - In case of import/export: 8 Digits

**e. Documents that are required to be maintained**

Account/Record	Information Required	By Whom?
Register of Goods Produced	Account should contain detail of goods manufactured in a factory or production house	Every assessee carrying out manufacturing activity
Purchase Register	All the purchases made within a tax period for manufacturing of goods or provision of services	All Assessee
Sales Register	Account of all the sales made within a tax period must be maintained	All Assessee
Stock Register	<ul style="list-style-type: none"> <li>• This register should contain a correct stock of inventory available at any given point of time</li> <li>• The register may be maintained at actuals as well as at equivalent quantity in terms of 0.995/0.999 fineness for gold/silver and in terms of 0.9999 fineness for platinum and its value</li> <li>• The industry observes frequent price fluctuations and therefore, it is suggested that the 'weight average cost method' be followed by the Industry Members for maintenance of stock register</li> <li>• In any case, the Industry Members may keep sufficient documentary substantiating the valuation of the inventory under either FIFO / LIFO / weighed average</li> </ul>	All Assessee
Input Tax Credit Availed	This register should maintain the details of Input Tax Credit availed for a given tax period	All Assessee
Output Tax Liability	This register should maintain the details of GST liability outstanding to be adjusted against input credit or paid out directly	All Assessee
Output Tax Paid	This register should maintain the details of GST paid for a particular tax period	All Assessee
Mandated Requirements for every registered person	<p>True and correct account of the goods or services imported or exported or of supplies attracting payment of tax on reverse charge along with the relevant documents, including invoices, bills of supply, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers and refund vouchers;</p> <p>A separate account of advances received, paid and adjustments made thereto;</p>	Registered Person

**f. Disclosure of transactions in GST Returns**

## i. Required disclosure under GSTR-1

Table no.	Details	Particulars required to disclosed
1	GSTIN and legal name/trade name	Required details in respect of GST registration, along with legal/trade name of the taxpayer is required to be furnished in the said table.
2	Taxable outward supplied made to registered persons except those covered under Table 6	<p>In this Table the Invoice-level information pertaining to B2B supplies for the tax period has to be filled containing all required details such as GSTIN, Invoice no. and date etc.</p> <p>Table 4 is followed by table 4A, 4B and 4C wherein invoice details of all supplies (except those made through e-commerce / reverse charge), outward supplies involving reverse charge along with supplies made by DTA to SEZ and supplies effected through e-commerce are required to be reported respectively.</p>
3	Taxable outward supplies to un-registered persons where invoice value is more than 2.5L	<p>In this Table the Invoice-level information pertaining B to C inter-state supplies where the invoice value is more than Rs 2.5 lacs in the tax period has to be filled. The Place of Supply (PoS) column is mandatory in this table as it captures inter-state supplies.</p> <p>Further, Table 5 is followed by Table 5A and 5B wherein invoice details of all supplies except those effected through e-commerce and supplies made via e-commerce attracting TCS are required to be disclosed respectively.</p>
4	Zero rated supplies and Deemed Export	<p>This Table needs to capture information about the shipping bill and its date. However, if the shipping bill details are not available, Table 6 will still accept the information.</p> <p>Table 6 is followed up by Table 6A, 6B and 6C wherein details pertaining to exports out of India, supplies to SEZ and deemed exports are required to be disclosed respectively.</p>
5	Taxable supplies (Net of debit notes and credit notes) to unregistered persons other than the supplies covered in Table 5	<p>In this Table the information pertaining B2C supplies (for both inter State or intra State) where the invoice value is up to Rs 2.5 lacs for the tax period has to be entered by the taxpayer.</p> <p>Table 7 is followed-up by Table 7A and 7B. Table 7A is further divided into two parts wherein the following details are required to be disclosed,</p> <ol style="list-style-type: none"> <li>1) Consolidated rate wise outward supplies (including supplies made through the e-commerce operator attracting TCS); and,</li> <li>2) Out of supplies mentioned at 7A (1), value of supplies made through e-Commerce Operators attracting TCS (operator wise, rate wise) has to be entered.</li> </ol> <p>Similarly, Table 7B is also further divided into two parts where the following details are required to be disclosed,</p> <ol style="list-style-type: none"> <li>1) Here details of supplies (rate wise) of the gross inter-State supplies including supplies made through e-commerce operator attracting collection of tax at source has to entered; and,</li> <li>2) Out of the supplies mentioned in 7B (1), the supplies made through e-Commerce Operators (operator wise, rate wise) has to be entered.</li> </ol>

Table no.	Details	Particulars required to disclosed
6	Nil rated, exempted and non-GST outward Supplies	In this table, value of nil rated Supplies, exempted (Other than Nil rated/non-GST supply) and non-GST supplies have to be declared. The said details are required for the following kind of supplies namely, <ol style="list-style-type: none"> <li>1) Inter-state supplies to registered persons under 8A;</li> <li>2) Intra-State supplies to registered persons under 8B;</li> <li>3) Inter-state supplies to un-registered persons under 8C; and,</li> <li>4) Intra-state supplies to un-registered persons under 8D.</li> </ol>
7	Amendments to taxable outward supply details furnished in returns for earlier tax periods in Table 4, 5 and 6 (including debit notes, credit notes, refund vouchers issued during current period and amendments thereof)	This table is meant for entering the amendments of B2B supplies (reported in Table 4), B2C Large supplies (reported in Table 5) and Supplies involving exports / SEZ unit or SEZ developer / deemed exports (reported in Table 6). While providing the said details, the following pointers should be kept in mind, <ol style="list-style-type: none"> <li>1) Information is to be entered rate-wise;</li> <li>2) PoS is to be provided only if it is different from the location of recipient;</li> <li>3) Shipping bill is only to be submitted in cases of export transaction amendment; and,</li> <li>4) While furnishing information the original debit note / credit note, the details of invoice shall be mentioned in the first three columns, while furnishing revision of a debit note/credit note, the details of original debit note/credit note shall be mentioned in the first three columns of this Table.</li> </ol>
8	Amendments to taxable outward supplies to unregistered persons furnished in Returns for earlier tax periods in Table 7	In this table, details required is similar to Table 9 and pertains to information related to B2C supplies as reported in Table 7 in the earlier returns.
9	Consolidated Statement of Advances Received or adjusted in the current tax period, plus amendments from earlier tax periods	In this table various information are to be provided as follows, <ol style="list-style-type: none"> <li>1) Information related to advances received in the current tax period, rate-wise, for both interstate and intra-state supplies and for which invoice has not been issued (Table 11A);</li> <li>2) Table 11B is for the advance amount received in earlier tax period but the invoices have been received in the current tax period and adjusted against the supplies being shown in this tax period in Table Nos. 4, 5, 6 and 7.</li> </ol> <p>Further, amendment of information furnished in Table No. 11(1) in GSTR-1 statement for earlier tax periods can be done here by furnishing revised information</p>
10	HSN-wise summary of outward supplies	In this table, summary of supplies effected against a particular HSN code is to be reported in summary table.
11	Documents issued during the tax period	In this table, various details of documents such as tax invoices, Debit note, Credit Note, Receipt Voucher, Payment Voucher, Refund Voucher and Deliver Challan issued and/or cancelled during the Tax period has to be provided.

## ii. Required disclosure under GSTR-3B

Table no.	Details	Particulars required to disclosed
1	GSTIN and legal name/trade name	Required details in respect of GST registration, along with legal/trade name of the taxpayer is required to be furnished in the said table.
2	Outward supplies and inward supplies on reverse charge	<p>In this table, details in relation to tax payable is furnished. The said table is divided into two sections.</p> <p><b>Section 1</b> The first section includes the following details,</p> <ol style="list-style-type: none"> <li>1) Outward taxable supplies wherein only those supplies on which GST has been charged by taxpayer is to be reported;</li> <li>2) Outward taxable supplies (zero rated) wherein only those supplies on which the GST rate is zero are to be reported;</li> <li>3) Other outward taxable such as nil-rated or exempted wherein details in respect of supplies which are exempt from GST or are nil rated is to be provided;</li> <li>4) Inward supplies liable to reverse charge wherein details of purchases made by unregistered dealers on which reverse charge is applicable is to be provided;</li> <li>5) Non-GST outward supplies wherein details of any supplies made by the taxpayer kept wholly out of GST regime is to be provided.</li> </ol> <p>For the said supplies, the taxpayer is required to provide total taxable value and further breakup of IGST, CGST, SGST/UTGST and cess if any. Further, e-Commerce operators must fill in Clause (i) of table 3.1.1 with sale value and taxes payable whereas the e-commerce sellers should fill Clause (ii) of table 3.1.1.</p> <p><b>Section 2</b> Under this section further, a break-up of 'Outward taxable supplies' must be provided. Under this section, the taxpayer is required to mention the inter-state supplies which are made to (i) un-registered persons, (ii) composition dealers, and (iii) UIN holders.</p>
3	Eligible ITC	<p>In this table, details in relation to ITC is to be provided separately for IGST, CGST, SGST, UTGST, and Cess. The said table is further divided into four parts as follows,</p> <ol style="list-style-type: none"> <li>1) ITC available (whether in full or in part) – details to ITC being availed on the import of goods or services, inward supplies to reverse charge, credit distributed through ISD and other ITC are to be reported;</li> <li>2) ITC reversed – Out of the ITC availed, details of Input tax credit reversed on account of exempt supplies or sale of fixed assets, reduced on account of credit note issued by the vendor, etc are required to be reported here;</li> <li>3) Net ITC available – The net ITC after subtracting ITC reversed is auto-populated. This amount is the net ITC that is adjusted against the output tax liability;</li> <li>4) Other details such as ITC reclaimed which was reversed under table 4(B)(2) in the earlier tax period or ineligible ITC under section 16(4) and ITC restricted due to PoS provisions.</li> </ol>
4	Value of exempt, nil rated, and non-GST inward supplies	In this table, the taxpayer is required to report any purchases made by the taxpayer of goods or services, which are from a composition dealer, are exempt, nil rated or not covered by GST. The said information is required to be broken down into inter-state and intra-state supplies.
5	Payment of Tax and TCS/TDS credit	In this table final tax as payable is required to be computed along with value of TDS/TCS deducted or collected for a tax period are disclosed.
6	Verification	In this table, the taxpayer has to verify all the details provided in Form GSTR-3B.



**III. Income Tax Law****A. General compliances:**

## a. Income Tax Return

It is mandatory for every taxpayer to communicate the details of his income to the Income Tax Department. These details are to be furnished in the prescribed form known as return of income or ITR.

## b. Payments

ITR payments are to be made via the following challan:

Description	Challan
For making payment of income-tax and Corporate tax (i.e., income-tax by companies)	ITNS 280

## c. Return

## i. Form of Return

Depending upon the nature of the taxpayer, the returns are required to be filed in the following forms annually:

Description	ITR
For individuals and HUFs having income from profits and gains of business or profession	ITR 3
For Individuals, HUFs and Firms (other than LLP) being a resident having total income upto Rs.50 lacs and having income from business and profession which is computed under sections 44AD, 44ADA or 44AE	ITR 4
For persons other than- (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7	ITR 5
For Companies other than companies claiming exemption under section 11	ITR 6
For persons including companies required to furnish return under sections 139(4A) or 139(4B) or 139(4C) or 139(4D) only	ITR 7

## ii. Due Date

Status of Taxpayer	Due Date
Any company other than a company who is required to furnish a report in Form No. 3CEB under section 92E	31 <sup>st</sup> October of the Assessment Year
Any person (may be corporate/non- corporate) who is required to furnish a report in Form No. 3CEB	30 <sup>th</sup> November of the Assessment Year
Any person (other than a company) whose accounts are to be audited under the Income-tax Law or under any other law	31 <sup>st</sup> October of the Assessment Year
A working partner of a firm whose accounts are required to be audited under this Act or under any other law.	31 <sup>st</sup> October of the Assessment Year
Any other assessee	31 <sup>st</sup> July of the Assessment Year

- iii. Procedure to file Return  
Returns are to be filled electronically at “www.incometaxindiaefiling.gov.in”;
- iv. Verification  
Every ITR is required to be verified as per the following rules:
  - In case of an individual: By the individual himself. If the individual is unable to verify, then by such individuals as prescribed by the Income Tax Department from time to time;
  - In case of a company: By the Managing Director. If the Managing Director is unable to verify, then any Director;
  - In case of firm: By the Managing Partner. If the Managing Partner is unable to verify, then any Partner;
  - In case of LLP: By the Designated Partner. If the Designated Partner is unable to verify, then any Partner.

### **B. Advance Payment of Tax:**

If the tax liability of a taxpayer is more than INR 10,000 in a financial year, then the said taxpayer is liable to pay such tax in instalments during the year itself.

- a. Form of Payment  
Payment for advance tax is required to be made via Challan No. 280 by selecting ‘Advance Tax’ during the time of payment.
- b. Calculation of Advance Tax  
Advance tax liability is required to be calculated as per the following table:

	<b>Income under 5 heads of income</b>
<b>(Less)</b>	Allowances and losses brought forward
<b>(Less)</b>	Chapter VI-A deductions
<b>(=)</b>	Estimated Total Income
<b>Computation of Advance Tax Liability</b>	Income tax on Estimated total income (As per applicable tax slab)
<b>(Add)</b>	Surcharge (if any) on the Estimated Total Income
<b>(=)</b>	Total Tax Payable
<b>(Less)</b>	Relief under Section 89
<b>(=)</b>	Tax liability
<b>(Add)</b>	2% Education Cess
<b>(Add)</b>	1% SHEC
<b>(=)</b>	Total Tax liability
<b>(Less)</b>	TDS as shown in Form 16/Form 16A and reflected in Form 26AS
<b>(=)</b>	Advance Tax Liability

## c. Due Date

Due date for payment of tax under Advance Tax Payment (as instalments) is as follows:

Due Date of Instalment	Amount Payable
On or before 15 <sup>th</sup> June	15% of Advance Tax
On or before 15 <sup>th</sup> September	45% of Advance Tax
On or before 15 <sup>th</sup> December	75% of Advance Tax
On or before 15 <sup>th</sup> March	100% of Advance Tax

**C. Tax Audit:**

## a. Requirement

Whether an entity is mandatorily required to have a tax audit or not can be deducted from the following table:

Category of person	Threshold
<b>If the taxpayer is not under the presumptive taxation scheme</b>	
Carrying on business (not opting for presumptive taxation scheme)	Total sales, turnover or gross receipts exceed Rs.1 crore in the FY.  If cash transactions are up to 5% of total gross receipts and payments, the threshold limit of turnover for tax audit is increased to Rs.10 crores.
<b>If the taxpayer is paying tax under presumptive taxation scheme</b>	
Carrying on business eligible for presumptive taxation under Section 44AE, 44BB or 44BBB	Claims profits or gains lower than the prescribed limit under presumptive taxation scheme.
Carrying on business eligible for presumptive taxation under Section 44AD	Declares taxable income below the limits prescribed under the presumptive tax scheme and has income exceeding the basic threshold limit.
Carrying on the business and opted out of presumptive taxation in any one financial year of the lock-in period	If income exceeds the maximum amount not chargeable to tax in the subsequent 5 consecutive tax years from the financial year when the presumptive taxation was not opted for.
Carrying on business which is declaring profits as per presumptive taxation scheme under Section 44AD	If income exceeds the maximum amount not chargeable to tax in the subsequent 5 consecutive tax years from the financial year when the presumptive taxation was not opted for.
Carrying on business which is declaring profits as per presumptive taxation scheme under Section 44AD	If the total sales, turnover or gross receipts does not exceed Rs. 2 crores in the financial year, then tax audit will not apply to such businesses.

## b. Report Format

The following forms are prescribed for the final report that is to be issued by a tax auditor,

Description	Prescribed Form
When there is a mandate under law to get the accounts audited	Form No. 3CA
Where there is no legal mandate to get the accounts audited	Form No. 3CB
Information to be provided along with Form 3CA or 3CB to constitute an Audit Report	Form No. 3CD

## c. Submission

The tax auditor shall furnish a tax audit report online by using his login details in the capacity of a 'Chartered Accountant'. Taxpayers shall also add CA details in their login portal.

## d. Due Date

Tax audit report is required to be filed on or before the due date of filing of return of Income. The said date are as follows:

- i. 30th November of the subsequent year if taxpayer has entered into international transactions;
- ii. 30th September for all other taxpayers.

**D. Transfer Pricing:**

## a. Documents required to be maintained

Documents specified to be maintained under Rule 10D of the Income Tax Rules, 1962 ('IT Rules') are divided into two categories, (a) mandatory documents under Rule 10D(1) and, (b) additional documents under Rule 10D(3).

## i. Mandatory Documents

- Ownership structure of the taxpayer;
- Profile of the multi-national group;
- Broad description of the business/industry profile;
- Nature and terms (including price) of the international transactions;
- Description of the functions performed, risk assumed, and the assets employed;
- Records of the economic and market analysis (economic analysis), forecasts, budget, etc.
- A record of the uncontrolled transactions for analysing comparability with the international transactions;
- A record of the analysis performed to evaluate the comparability of the uncontrolled transactions vis-à-vis the international transaction;

- Description of the method considered with reasons of rejection of the other methods;
- A record of the actual working carried out to determine arm's length price, the most appropriate method, and adjustments, if any;
- The assumptions, policies, and price negotiations if any;
- Details of assumptions, policies, negotiations, etc. that have affected the determination of arm's length price;
- Details of adjustment made to the transfer prices to align with arm's length price.

## ii. Additional Documents (In support of Mandatory Documents)

- Information regarding official publications, reports, studies, and data bases from the Government of the country of residence of the associated enterprise;
- Reports of market research studies carried out and technical publications;
- price publications;
- published accounts and financial statements relating to the business affairs of the associated enterprises;
- agreements and contracts entered into with the associated enterprises or with the unrelated enterprises in respect of transactions similar to the international transactions
- letters and other correspondence between the taxpayer and the associated enterprise

## b. Time Limit

Due date for filing of Form 3CEB is 30th November AY.

## c. Form of Filing

The specified form for filing transfer pricing related information is Form 3CEB as an Accountants Report verifying the veracity of the documents maintained by the taxpayer.

**E. Specified Financial Transactions:**

## a. Form 61

- i. An assessee (liable to tax audit under Section 44AB) is required to furnish form 61;
- ii. Form 61 is a statement containing particulars of declarations received (in form 60) from persons who do furnish a Permanent Account Number while entering into any of the following transactions with the Assessee:

S. No.	Nature of Transaction	Threshold Limit
1	Payment for acquiring debentures or bonds	INR 50,000/- per transaction
2	Contract for sale or purchase of securities (other than shares) exceeding	INR 0.1 Million per transaction
3	Sale or purchase by any person of shares of an unlisted company	INR 0.1 Million per transaction
4	Sale or purchase of immovable property	INR 1 Million per transaction
5	Sale or purchase, by any person of goods or services of any nature	INR 0.2 Million per transaction

## b. Form 61A

Statement of financial transactions required to be submitted by the Company in respect of the following transactions:

S. No.	Nature of Transaction	Threshold Limit
1	The company has issued bonds or debentures	INR 1 Million or more
2	The company has issued shares	INR 1 Million or more
3	The company has received cash for the sale of goods/provision of services	INR 0.2 Million or more
4	The company has paid a dividend	No basic limit

## c. Form of Filing

All information and transaction classified as Specified Financial Transactions are required to be reported in Form 61 or Form 61A as specified above.

## d. Due Date

Statement of Financial Transactions needs to be furnished before 31st May of next year for every previous financial year where the transaction occurs.

## e. Applicable Procedure to file Form 61 and Form 61A

- i. Register on the Reporting portal (<https://report.insight.gov.in/>);
- ii. All statements uploaded to the Reporting Portal should be in the XML format consistent with the prescribed schema published by the Income Tax Department;
- iii. Once XML is generated, sign and encrypt the XML using the Submission utility and prepare a package to be uploaded;
- iv. Submit the statement on Reporting Portal;
- v. Upon successful submission, an email with "Acknowledgment Number" will be sent to the registered email id.

**F. Income Tax Concessional Regime:**

- a. Conditions to avail Concessional Tax Regime
  - i. Taxpayer should either be an individual taxpayer or a HUF;
  - ii. If the taxpayer has an income from a business, then once opted for concessional taxation scheme, the tax payer would be obligated to pay tax as per the concessional taxation scheme in that financial year and all subsequent financial years.
- b. Form of availing concessional tax regime
  - i. Any individual who wishes to avail the benefit of Concessional regime can communicate the same to the Income Tax Department by filing Form 10IE;
  - ii. For individuals with business income, Form 10IE has to be filed before the due date of ITR whereas for individuals with income from salary, the Form 10IE can be filed before or during the time of filing of ITR.

**G. Tax Deduction at Source:**

Tax Deduction at Source ('TDS') is a concept under which a person who is liable to make a payment (of specified nature) to any other person deducts tax at sources and remit the same into the account of Government of India. Compliances in relation to TDS can be broadly divided into two parts, (a) Payment and (b) Return filings.

- a. Challan Payments
  - i. Payment under TDS can be made in online mode.
    - Online payment can be made via the e-payment gateway accessible at "<https://www.tin-nsdl.com/>";
    - On the e-Payment gateway one needs to select services → e-Payment;
    - Subsequently, the correct/applicable challan needs to be selected and details as required provided;
  - ii. Challans
    - Depending upon the nature of the tax paying entity (whether it is an individual/domestic company/LLP/ firm), various challans have been prescribed. Such challans are as follows:

Description	Challan
For making payment of TDS/TCS by corporate and non-corporate deductors/collectors	ITNS 281

## b. Returns

Returns for TDS are required to be filed in the following form (As applicable):

Form	Description
Form 24Q	Quarterly TDS statement for tax deducted on salary payments.
Form 27Q	Quarterly TDS statement for tax deducted while making payment, other than salary, to non-resident (not being a company), and foreign company
Form 26Q	Quarterly TDS statement for other cases like TDS deducted on professional fees, interest payments, etc.

Form	Description
Form 26QB	Monthly if TDS is deducted under Section 194IA
Form 26QC	Monthly if TDS is deducted under Section 194IB

## c. Due Date for Payment and Filing of Return

Quarter Ending	Month of Deduction	Due date for payment of tax deducted (FY 2022-23)	Due date for filing TDS Return (FY 2022-23) for all deductors
30 <sup>th</sup> June 2022	April 2022	7 <sup>th</sup> May 2022	31 <sup>st</sup> July 2022
	May 2022	7 <sup>th</sup> June 2022	
	June 2022	7 <sup>th</sup> July 2022	
30 <sup>th</sup> September 2022	July 2022	7 <sup>th</sup> August 2022	31 <sup>st</sup> October
	August 2022	7 <sup>th</sup> September 2022	
	September 2022	7 <sup>th</sup> October 2022	
31 <sup>st</sup> December 2022	October 2022	7 <sup>th</sup> November 2022	31 <sup>st</sup> January 2023
	November 2022	7 <sup>th</sup> December 2022	
	December 2022	7 <sup>th</sup> January 2023	
31 <sup>st</sup> March 2022	January 2023	7 <sup>th</sup> February 2023	31 <sup>st</sup> May 2023
	February 2023	7 <sup>th</sup> March 2023	
	March 2023	30 <sup>th</sup> April 2023	

## d. Certificates

When a tax amount is deposited by deductor, a TDS certificate is issued. TDS Certificate can be generated online via the TRACES website which is accessible at <https://www.tdscpc.gov.in/app/login.xhtml>

## i. Types of TDS Certificates,

- Form 16: Issued to a salaried individual from their employer upon the deduction of TDS on an annual basis;
- Form 16A: Issued for all kinds of deduction other than income from salary on a quarterly basis.

## ii. Due Date

The due date for Form 16 and Form 16A are as follows:

- For Form 16: Within 15 days of filing of the fourth quarter of TDS returns;
- For Form 16A: The dates are as follows:

Period	Due Date
Q1 ( April to June)	15 <sup>th</sup> August
Q2 (July to September)	15 <sup>th</sup> November
Q3 (October to December)	15 <sup>th</sup> February
Q4 (January to March)	15 <sup>th</sup> June

## e. Section 194R

Section 194R was inserted in the IT Act vide the Finance Act, 2022. Under Section 194R, any person providing any perquisite / benefit to a person in course of business or profession is required to deduct tax for any perquisite or benefit provided.

## i. Applicability/Conditions

- All persons except individuals or HUF.

Note: If total sale/gross-receipts/turnover exceeds Rs. 1 Crore in case of business or Rs. 50 lacs in case of profession in the preceding financial year, then Section 194R would also be applicable on individuals and HUF.

- Value of perquisite / benefit provided (or likely to be provided) exceeds Rs. 20,000 in the relevant financial year.
- If the perquisite / benefit provided is in cash, then such a perquisite / benefit can only be provided after payer deducts TDS. However, if the perquisite / benefit is wholly or partly in kind and part in cash is not sufficient to discharge 10% liability under Section 194R, then the person providing such perquisite / benefit is obligated to ensure that the tax required to be deducted has been paid before releasing the perquisite / benefit.
- Applicable conditions, due date and guidelines are summarized below for ease of reference.

Type of Payment	Who will pay	Due date of payment	Proof of payment	Amount on which tax is to be deducted
Cash	Payer	7th of the next month	TDS Certificate	Cash given
Wholly in kind of partly in kind and partly in cash	Recipient, OR	Prior to receipt from the payer of such perquisite / benefit	Advance Tax Challan	Fair market value of the perquisite / benefit
	Payer	7th of the next month	TDS Certificate	Fair market value of the perquisite / benefit including the amount of TDS paid



- ii. Rate  
Rate of TDS under Section 194R is 10%.
- iii. Illustrative list of payment considered as perquisite / benefit

Payment type	Whether perquisite or benefit
Capital assets and incentives such as car, mobile phones etc.	Yes
Sales discount/Cash discount/Rebates to customers	No
Out of pocket expenses incurred by service provider with invoice in name of the service recipient	No
Out of pocket expenses incurred by service provider with invoice in name of the service provider	Yes

- iv. Penalty for non-payment of TDS under Section 194R of Income Tax Act
  - Penalty under Section 271C of an amount equivalent to the sum of tax which the person failed to deduct or pay or ensure the payment of, as the case may be.
  - Contravention of requirements of Section 194R of Income Tax Act is punishable with rigorous imprisonment for a term which shall not be less than three months, but which may extend to seven years and with fine.
- f. Key points:
  - i. In case of non-resident supplier, income arising on account of sale of goods would be treated as business income only if it constitutes a PE in India. Tax, if any, on business income is required to be withheld at 40% (plus surcharge and cess) in India.
  - ii. As a part of good practice, the industry member should obtain a TRC and no PE certificate from non-resident sellers.

#### **H. Tax Collection at Source:**

##### a. Conditions Applicable

The seller must collect TCS at the earlier of the following two dates:

- i. When debiting the money payable by the buyer to their account in the books of accounts;
- ii. Upon receipt of such money from the buyer in any mode such as cash issue of a cheque or draft.

##### b. Challan Payments

- i. Sellers are required to deposit TCS in challan 281;
- ii. Such a payment under the challan is required to be made 7 days from the last day of the month in which the tax was collected (refer to due date for TDS payments as TCS dues date are identical as stated in para G c and d ii on page 87)

##### c. Returns

A quarterly return is required to be filed in Form 27EQ (due date given in the subsequent paragraph).

##### d. Certificates

- i. Form 27D is the certificate issued for TCS returns filed;
- ii. This certificate has to be issued within 15 days from the date of filing TCS quarterly returns.

## e. Applicable Due Dates

For ease of reference, quarter wise due dates are reproduced below:

Quarter Ending	Due Date to file TCS return in Form 27EQ	Due date for generating Certificate in Form 27D
Q1 ( April to June)	15th July	30 <sup>th</sup> July
Q2 (July to September)	15th October	30 <sup>th</sup> October
Q3 (October to December)	15 <sup>th</sup> January	30 <sup>th</sup> January
Q4 (January to March)	15 <sup>th</sup> May	30 <sup>th</sup> May

## f. Exemptions from TCS

- i. When the eligible goods are used for personal consumption
- ii. The purchaser buys the goods for manufacturing, processing or production and not for the purpose of trading those goods.

**I. Equalization Levy:**

## a. Services Covered under Equalization Levy ('EL')

Following services are presently covered under EL:

- i. Online advertisement;
- ii. Any provision for digital advertising space or facilities/ service for the purpose of online advertisement.
- iii. Advertisement
- iv. Supply of goods and services facilitated by an e-commerce operator to a:
  - Resident of India
  - Person who buys such goods and services using an internet protocol registered in India
  - Non-resident in specified circumstances which include sale of advertisement to an Indian resident or a person who buys such advertisement from an internet protocol registered in India etc.

## b. Conditions to be met:

- i. The payment should be made to a non-resident service provider, in case of an e-commerce operator, such an EL is only payable if the operator does not have a Permanent Establishment in India;
- ii. The annual payment made to one service provider exceeds Rs. 1,00,000 in one financial year.
- iii. EL under Section 165A cannot be levied if the EL has already been levied under Section 165.
- iv. If sales, turnover or gross receipts of an ecommerce operator from e-commerce supply is less than 2 Crores, then no EL can be levied under Section 165A.

## c. Form of Submission

EL Statement has to be submitted in Form-1 and payment under EL are required to be made vide Challan No. ITNS 285.

## d. Due Date

Due date of furnishing Equalization Levy Statement is on or before 30th June of Financial Year ended.

Payment for Equalization Levy is required to be made on a quarterly basis as per the following time lime.

S. No.	Quarter Ending	Due Date of payment of Equalization Levy
1.	30 <sup>th</sup> June	7 <sup>th</sup> July
2.	30 <sup>th</sup> September	7 <sup>th</sup> October
3.	31 <sup>st</sup> December	7 <sup>th</sup> January
4.	31 <sup>st</sup> March	31 <sup>st</sup> March

## e. Applicable Rate

Currently, the applicable rate of tax is 6% of the gross consideration to be paid for supply of online advertisement whereas, for e-commerce operators, applicable levy is 2%.

**IV. Hallmarking**

The BIS Hallmarking Scheme was set in accordance with the “International Criteria of Hallmarking”. The BIS Hallmarking Scheme, which is a Registered Scheme, grants Jewellers to get the Jewellery that they intend to sell to be hallmarked via any of the BIS Recognised Assaying and Hallmarking Centres.

The Ministry of Consumer Affairs, Food and Public Distribution vide Order no. S.O. 205(E) as last amended through Order no. S.O. 1594(E) dated 04.04.2022, has prescribed that sale of only hallmarked gold jewellery be undertaken in specified districts. The current Order notifying list of districts under mandatory hallmarking is Order no. S.O. 1594(E) dated 04.04.2022.

**A. Entities required to register with BIS:**

Any manufacturer, wholesaler, distributor or retailer engaged in selling precious metal articles such as those made out of gold have to mandatorily get registered with BIS. Therefore, registration is thus required for:

- a. Manufacturer, involved in selling hallmarked gold jewellery to a wholesaler, distributor, retailer or to the end customer;
- b. Wholesaler, involved in selling hallmarked gold jewellery to a distributor, retailer or to the end customer;
- c. Distributor, involved in selling hallmarked gold jewellery to a wholesaler, retailer or to the end customer;
- d. Retailer, involved in selling hallmarked gold jewellery to the end customer.

*Note: Jewellers with annual turnover up to Rs. 40 lacs do not fall within the purview of mandatory hallmarking. They may however get registration if they wish to sell hallmarked jewellery.*

**B. Entities who are required to get jewellery hallmarked:**

Hallmarking has to be done once in the entire manufacturing/supply chain by the entity who has made the first sale. Such an entity may be a manufacturer, wholesaler, distributor or retailer.

**C. General Exemptions from mandatory hallmarking:**

In various scenarios, exemptions have been provided

to specified articles of jewellery/transactions/entities wherein compliance with mandatory hallmarking is not required. Such exemptions are as follows,

- a. Any article meant for export, which conforms to any specification required by the foreign buyer;
- b. An article with weight less than two grams;
- c. An article which is in course of consignment from outside India to an assaying and hallmarking centre in India recognised as per the Bureau of Indian Standards (Hallmarking) Regulations, 2018, for hallmarking;
- d. Any article which is intended to be used for medical, dental, veterinary, scientific or industrial purposes;
- e. Any article of gold thread;
- f. Any manufactured article which is not substantially complete, and which is intended for further manufacture;
- g. Gold bullion in any shape of bar, plate, sheet, foil, rod, wire, strip, tube or coin;
- h. Export and re-import of jewellery as per Trade policy of Government of India;
- i. Jewellery for International Exhibitions;
- j. Jewellery for domestic Business-to-Business ('B2B') exhibitions, approved by a Government agency;
- k. Special categories of jewellery - Kundan, Polki and Jadaau;
- l. Jewellers with the annual turnover of up-to Rs.40 lacs per annum, and;
- m. Gold watch and fountain pen.

**D. Procedures to be followed for registration with Bureau of India standards and hallmarking of jewellery:**

- a. Registration with BIS
  - i. The jeweller is required to visit e-BIS website i.e., “www.manakonline.in” and select the ‘Hallmarking’;
  - ii. Click on Login;

- iii. Click on 'Create Account';
- iv. Fill the Registration form by entering the requisite details;
- v. User ID is generated and sent to the jeweller to his/her registered contact number;
- vi. Login using the credentials received via message to the registered contact number and fill the Online Application Form;
- vii. Submit the form and the registration is granted instantly

*Note: Renewal of jeweller's registration is not needed as the certificate of registration is being granted as a one-time registration that has a validity for lifetime.*

- b. Hallmarking of jewellery
  - i. After registration is complete on the e-BIS website, the user is required to log-in with the relevant username and password;

- ii. Click on 'Hallmarking' and then on 'New Request' option to generate a new request;
- iii. Select the AHC and provide relevant information/details such as item category, weight, declared purity etc.;
- iv. After providing the required information submit the form.

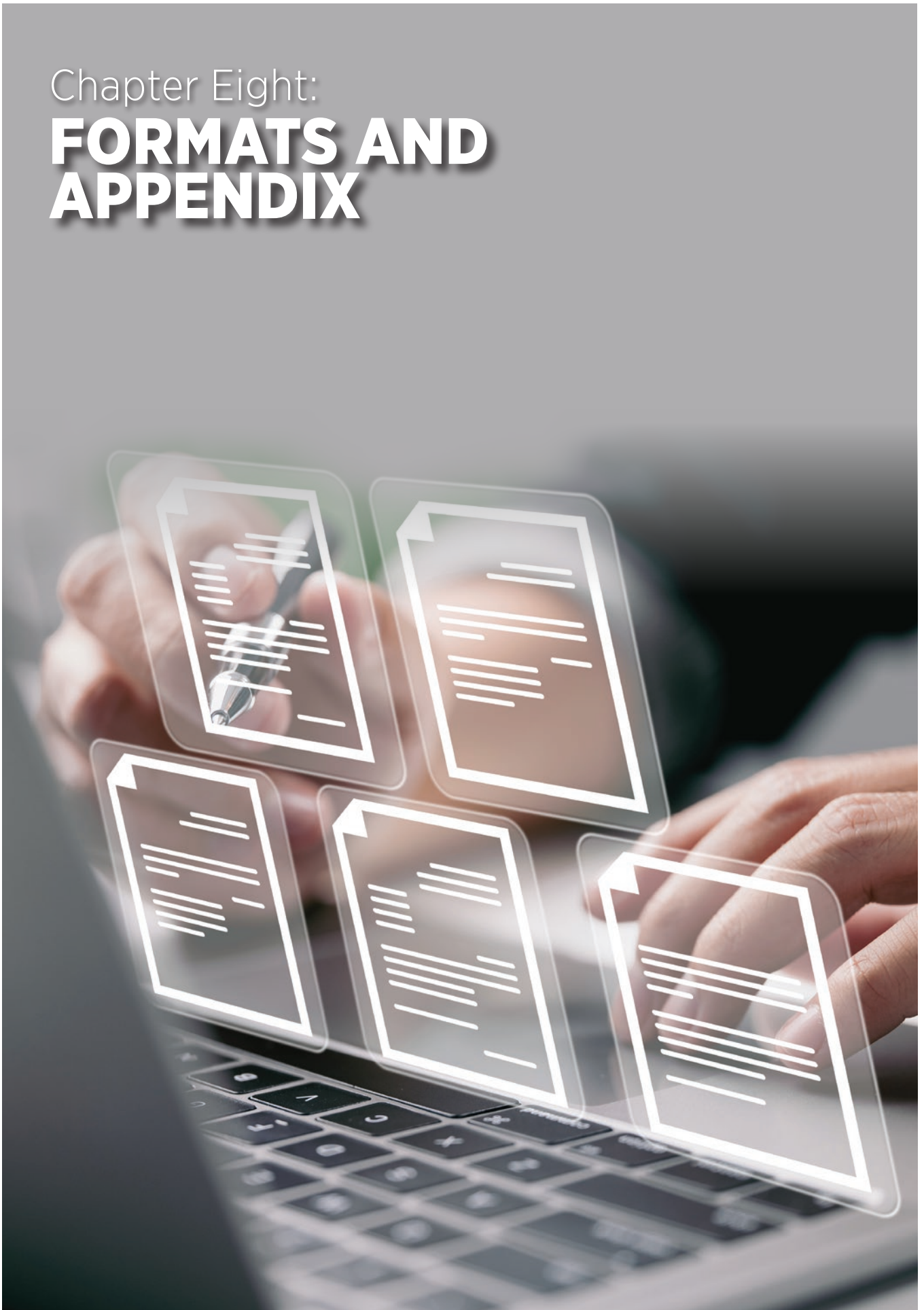
*Note: Hallmarking is applicable for gold jewellery and artefacts only. Gold bullion/coins of 999/995 fineness are permitted to be hallmarked by BIS approved Refinery/Mints. Further, a jeweller with annual turnover of less than Rs. 40 lacs may sell hallmarked jewellery in the districts under mandatory hallmarking, provided they have a certificate of registration from BIS.*

#### **E. Applicable Indian Standards:**

Applicable Indian standard for gold jewellery is IS 1417:2016.



Chapter Eight:  
**FORMATS AND  
APPENDIX**



**I. Glossary****A. Defined Terms**

Sr. No.	Defined Term	Description
1.	Relevant Laws	All taxation laws including the Customs Act (1962), Goods and Services Tax Acts (2017), Income Tax Act (1961), Foreign Trade Policy (2015-2020), etc. and all notifications, regulations, circulars and public notices issued thereunder.
2.	Hallmarking Compliances	Compliances under the Bureau of Indian Standards Act and all standards issued thereunder
3.	Industry Members	All entities engaged in the gems and jewellery sector including manufacturers, retailers, sellers, importers, exporters etc.
4.	Customs Law	Customs Act of 1962 and all notifications, regulations, circulars and public notices issued thereunder
5.	IT Rules	Income Tax Rules, 1962 issued under the Income Tax Act, 1961.
6.	CGST Rules	Central Goods and Services Tax Rules, 2017 issued under the Central Goods and Services Tax Act, 2017
7.	Qualified Jewellers	Jewellers deemed to be qualified under Circular No. 329/IFSCA/DPM/TS/QJ/2021-22/1 dated 19.01.2022 issued by the IFSCA
8.	Karigars	Industry job-workers who participate in the manufacturing process

**B. Abbreviations**

Sr. No.	Abbreviation	Description
1	AD	Authorized Dealer
2	AY	Accounting Year
3	B2B	Business to Business
4	B2C	Business to Consumer
5	BCD	Basic Customs Duty
6	BCM	Bullion Clearing Member
7	BDR	Bullion Depository Receipts
8	BoE	Bill of Entry
9	BRC	Bank Realization Certificate
10	BTM	Bullion Trading Member
11	CBIC	Central Board of Indirect Taxes & Customs

Sr. No.	Abbreviation	Description
12	CGST	Central Goods and Services Tax
13	CN	Credit Note
14	COD	Cash on Delivery
15	CTH	Custom Tariff Heading
16	CY	Calendar Year
17	DA	Documents against Acceptance
18	DC	Delivery Challan
19	DFIA	Duty Free Import Authorization
20	DGFT	Directorate General of Foreign Trade
21	DIL	Diamond India Limited
22	DN	Debit Note
23	DTA	Domestic Tariff Area
24	EL	Equalization Levy
25	ELP	Economic Laws Practice
26	EO	Export Obligation
27	EOU	Export Oriented Unit
28	FEMA	Foreign Exchange Management Act
29	FIFO	First In, First Out
30	FTP	Foreign Trade Policy (2015-2020)
31	FY	Financial Year
32	GJEPC	Gem and Jewellery Export Promotion Council
33	GST	Goods and Services Tax
34	GSTN	Goods and Services Tax Network
35	GSTR	Goods and Services Tax Return
36	HBP	Handbook of Procedures (2015-2020)
37	HHEC	Handicraft and Handloom Export Corporation
38	HSN	Harmonized System of Nomenclature
39	HUF	Hindu Undivided Family
40	IBU	IFSC Banking Unit
41	ICEGATE	Indian Customs Electronic Gateway
42	IEC	Import / Exporter Code
43	IFSC	International Financial Services Centres
44	IFSCA	International Financial Services Centres Authority
45	IGST	Integrated Goods and Services Tax

Sr. No.	Abbreviation	Description
46	IIBX	India International Bullion Exchange
47	IT Act	Income Tax Act, 1961
48	ITC	Input Tax Credit
49	ITC (HS)	Indian Trade Clarification on Harmonized System
50	ITNS	Income Tax National Security
51	ITR	Income Tax Return
52	LIFO	Last In, First Out
53	LLP	Limited Liability Partnership
54	LPCO	License, Permit, Certificate or other authorization
55	LPTM	Limited Purpose Trading Member
56	LUT	Letter of Undertaking
57	MMTC	Metals and Minerals Trading Corporation Ltd
58	MSTC	Metal Scrap Trade Corporation Limited
59	ORM	Outward Remittance Message
60	PAN	Permanent Account Number
61	PEC	Project and Equipment Corporation of India Limited
62	PO	Purchase Order
63	QR	Quick Response
64	RBI	Reserve Bank of India
65	RCM	Reverse Charge Mechanism
66	RoDTEP	Remissions of Duties or Taxes on Export Products
67	SAC	Servicing Accounting Code
68	SEZ	Special Economic Zone
69	SFT	Specified Financial Transactions
70	SGST	State Goods and Services Tax
71	SOP	Standard Operating Procedure
72	STC	State Trading Corporation
73	STCL	State Trading Corporation of India Limited
74	STH	Star Trading House
75	SVB	Special Valuation Branch
76	TCS	Tax Collection at Source
77	TDS	Tax Deduction at Source
78	UIN	Unique Identification Number
79	UQC	Unique Quantity Code



**II. Format for GST Documents****A. Tax Invoice (Under Rule 46 of CGST Rules, 2017)**

TAX INVOICE						
<Name of Supplier> <Address of Supplier> <GSTN of Supplier>		Invoice No.: <Consecutive Invoice Serial Number>		Date: <Date of issue of Invoice>		
		Purchase Order (P.O.): <Recipient PO Reference>		Date of PO: <Date of PO Referred>		
<b>Bill To</b> <Name of Recipient> <Address of Recipient> <GSTN of Recipient> (If registered)		<QR CODE> (If supplier has an aggregate turnover of INR 500cr in the financial year in terms of notification no. 14/2020-Central Tax dated 21.03.2020)				
<b>Ship To (If different from Bill To)</b> <Name of Recipient> <Address of Recipient> <GSTN of Recipient> <Name of State> <State Code> <Name of Destination County> (If supply is meant for export)						
Sr. No.	Description	HSN/SAC	Quantity	Rate	Per	Amount
<1>	<Description of goods/ service>	<Applicable HSN/SAC Code>	<Relevant Quantity>	<Rate per unit>	<unit>	<Amount>
<2>	<Description of goods/ service>	<Applicable HSN/SAC Code>	<Relevant Quantity>	<Rate per unit>	<unit>	<Amount>
Total						<Total Amount>
Total Amount (In Words): <b>&lt;Total Amount in words&gt;</b>						
HSN	Taxable Value	Tax Amount				Total Amount
		CGST		SGST		
		Rate	Amount	Rate	Amount	
<Applicable HSN>	<Relevant Value>	<rate>	<amount>	<rate>	<amount>	<Total tax amount>
<Applicable HSN>	<Relevant Value>	<rate>	<amount>	<rate>	<amount>	<Total tax amount>
<b>Total</b>			<total>		<total>	<total>
Tax Amount (In words): <Total Amount in words>						
Whether Tax is payable on Reverse Charge Basis: <b>YES/NO</b>						
SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS ON PAYMENT OF INTEGRATED TAX or SUPPLY MEANT FOR EXPORT/SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX or <u>INPUT TAX CREDIT NOT ADMISSIBLE</u>					<b>Signature/Digital Signature</b>	
<i>(As Applicable if the supply is meant for export or invoice issued under Section 74, 129 or 130 of the CGST Act, 2017)</i>						
Declaration: Declaration We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct.						

**B. Credit Note (Under Rule 53(1A) of CGST Rules, 2017)**

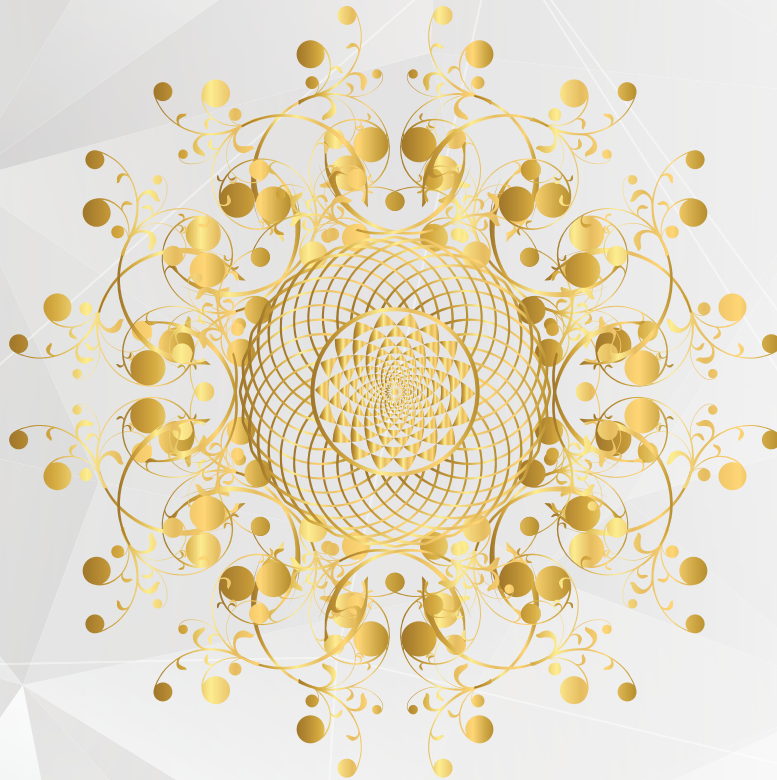
CREDIT NOTE						
<Name of Supplier> <Address of Supplier> <GSTN of Supplier>			Credit Note No.: <Consecutive Credit Note Serial Number>		Date: <Date of issue of Credit Note>	
			Corresponding Invoice: <Invoice Reference>		Date of Invoice: <Date of Invoice Referred>	
<b>Bill To</b> <Name of Recipient> <Address of Recipient> <GSTN of Recipient> (If registered)						
<b>Ship To (If different from Bill To)</b> <Name of Recipient> <Address of Recipient> <GSTN of Recipient> <Name of State> <State Code> <Name of Destination County> (If supply was meant for export)						
Sr. No.	Description	HSN/SAC	Quantity	Rate	Per	Amount
<1>	<Description of goods/ service>	<Applicable HSN/SAC Code>	<Relevant Quantity>	<Rate per unit>	<unit>	<Amount>
<2>	<Description of goods/ service>	<Applicable HSN/SAC Code>	<Relevant Quantity>	<Rate per unit>	<unit>	<Amount>
Total						<Total Amount>
Total Amount (In Words):						
<b>&lt;Total Amount in words&gt;</b>						
HSN	Taxable Value	Tax Amount				Total Amount
		CGST		SGST		
		Rate	Amount	Rate	Amount	
<Applicable HSN>	<Relevant Value>	<rate>	<amount>	<rate>	<amount>	<Total tax amount>
<Applicable HSN>	<Relevant Value>	<rate>	<amount>	<rate>	<amount>	<Total tax amount>
<b>Total</b>			<total>		<total>	<total>
Tax Amount (In words): <Total Amount in words>						
Whether Tax is payable on Reverse Charge Basis: <b>YES/NO</b>						
					<b>Signature/Digital Signature</b>	
<b>Declaration:</b> We declare that this Credit Note shows the actual price of the goods described and that all particulars are true and correct.						

**C. Debit Note (Under Rule 53(1A) of CGST Rules, 2017)**

DEBIT NOTE						
<Name of Supplier> <Address of Supplier> <GSTN of Supplier>			Debit Note No.: <Consecutive Debit Note Serial Number>		Date: <Date of issue of Debit Note>	
			Corresponding Invoice: <Invoice Reference>		Date of Invoice: <Date of Invoice Referred>	
<b>Bill To</b> <Name of Recipient> <Address of Recipient> <GSTN of Recipient> (If registered)						
<b>Ship To (If different from Bill To)</b> <Name of Recipient> <Address of Recipient> <GSTN of Recipient> <Name of State> <State Code> <Name of Destination County> (If supply was meant for export)						
Sr. No.	Description	HSN/SAC	Quantity	Rate	Per	Amount
<1>	<Description of goods/ service>	<Applicable HSN/SAC Code>	<Relevant Quantity>	<Rate per unit>	<unit>	<Amount>
<2>	<Description of goods/ service>	<Applicable HSN/SAC Code>	<Relevant Quantity>	<Rate per unit>	<unit>	<Amount>
<b>Total</b>						<Total Amount>
Total Amount (In Words):						
<b>&lt;Total Amount in words&gt;</b>						
HSN	Taxable Value	Tax Amount				Total Amount
		CGST		SGST		
		Rate	Amount	Rate	Amount	
<Applicable HSN>	<Relevant Value>	<rate>	<amount>	<rate>	<amount>	<Total tax amount>
<Applicable HSN>	<Relevant Value>	<rate>	<amount>	<rate>	<amount>	<Total tax amount>
<b>Total</b>			<total>		<total>	<total>
Tax Amount (In words): <Total Amount in words>						
Whether Tax is payable on Reverse Charge Basis: <b>YES/NO</b>						
					<b>Signature/Digital Signature</b>	
<b>Declaration:</b> We declare that this Debit Note shows the actual price of the goods described and that all particulars are true and correct.						

**D. Delivery Challan (Under Rule 55 of CGST Rules, 2017)**

DELIVERY CHALLAN						
<b>CONSIGNER DETAILS</b> <Name of Consigner> <Address of Consigner> <GSTN of Consigner>			Delivery Challan No.: <Consecutive Debit Note Serial Number>		Date: <Date of issue of Delivery Challan>	
<b>CONSIGNEE DETAILS</b> <Name of Consignee> <Address of Consignee> <GSTN of Consignee> (If registered)						
<b>PLACE OF SUPPLY</b> (If Supply is Inter-State) <Details of place of supply>						
Sr. No.	Description	HSN/SAC	Quantity	Rate	Per	Amount
<1>	<Description of goods/ service>	<Applicable HSN/SAC Code>	<Relevant Quantity>	<Rate per unit>	<unit>	<Amount>
<2>	<Description of goods/ service>	<Applicable HSN/SAC Code>	<Relevant Quantity>	<Rate per unit>	<unit>	<Amount>
<b>Total</b>						<Total Amount>
Total Amount (In Words): <b>&lt;Total Amount in words&gt;</b>						
HSN	Taxable Value	Tax Amount				Total Amount
		CGST		SGST		
		Rate	Amount	Rate	Amount	
<Applicable HSN>	<Relevant Value>	<rate>	<amount>	<rate>	<amount>	<Total tax amount>
<Applicable HSN>	<Relevant Value>	<rate>	<amount>	<rate>	<amount>	<Total tax amount>
<b>Total</b>			<total>		<total>	<total>
Tax Amount (In words): <Total Amount in words>						
Whether Tax is payable on Reverse Charge Basis: <b>YES/NO</b>						
					<b>Signature/Digital Signature</b>	
<b>Declaration:</b> We declare that this Delivery Challan shows the actual price of the goods described and that all particulars are true and correct.						



*For more details contact*

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