

## FAQs on GST for Jewellers

1. What is the GST payable on sale of Jewellery ?
  - a. 3%
2. What is the GST payable on the sale of jewelry if the Gold value and making charges are shown separately ?
  - a. 3%
3. Customer supplies the gold / jewellery and the Jeweler charges making charges for making new piece of jewellery,, what is the GST chargeable ?
  - a. The supply of gold by the customer to the Jeweller for the purpose of making bangles will not fall under the definition of “Job work” under the GST Act due to the fact that the customer will be an individual who is not a registered person under the GST Act. As per section 2(68) of the CGST Act, job work means any treatment or process undertaken by a person on goods belonging to another registered person and the expression “job work” shall be construed accordingly. Therefore, the concessional rate of 5% of Job work in relation to gold shall not apply in the instant case and the Jeweller shall charge GST @ 18% on the making charges.

The HSN/SAC code for this transaction is 9983, “Other professional, technical and business services”

4. The customer (unregistered) supplies part of the old gold, precious stones to make jewellery and some amount of gold is added by the jeweler. What is the GST chargeable ?
  - a. In this case, the Invoice should clearly have the details mentioned. Lets say a customer gives 8gm of gold and the jewelry adds 2 gm of gold to make the complete jewelry. The invoice should clearly show that value of 2gm of Gold as separate line item been charged at 3%. The labour for such manufacturing as a separated line item charged at 18%.
  - b. In case there is no breakup the entire amount (gold value and labour charges) needs to be charged at 18%.
5. What is the GST chargeable in repair of Ornament ?
  - a. This comes under 9983, “Other professional, technical and business services” and rate is 18% for the repair charges.
  - b. If the jeweler adds some gold for such a purpose he needs to charge 3% for the same, provided it shown separately.
6. The customer (unregistered) gives old gold / jewelry and buys new jewellery. What is the GST ?
  - a. These are two separate transactions. Lets say the value of old gold / jewellery is Rs. 50,000. There is no GST on such purchase.
  - b. The customer purchases jewellery worth Rs. 1,00,000. This is treated as a sale with GST of Rs.3000.

- c. The amount payable by the customer in above case would be Rs. 1,00,000 + 3,000 - 50,000 = 53,000.
7. What is the GST payable to the karigar for making charges ?
- a. The job worker, if registered, would be required to pay GST at the rate of 5% on job charges only. The jewellery manufacturer would in turn take credit of GST paid on such job work and may utilize the same for payment of GST on his outward supply of manufactured jewellery. However, if the job worker is exempted from registration, the jewellery manufacturer would be required to pay GST on his input supply from the job worker [of jewellery made out of precious metal given by him] on reverse charge basis. Nonetheless, he would be eligible to avail input credit of the tax so paid under reverse charge mechanism.
  - b. The SAC code for this transaction is 9988, "Job work in relation to cut and polished Diamonds, plain or studded jewellery of gold, silver, etc"
  - c. The material should be issued with a Delivery challan, clearing stating value and purpose of such removal without payment of Duty.
  - d. Its important that the material is received from Jobworker within 6 months. When received it should carry a copy of the original DC on which the material was issued.
  - e. The transaction related to jobwork are to be reported under ITC-04
8. What is the process of sending jewellery to a customer on approval basis ?
- a. The goods have to be sent by a delivery challan, clearly specifying the purpose of such movements, such as line sale / approval / exhibition.. Etc. Please see the details of Delivery challan below.
  - b. If material is sent on approval basis and it fructifies into a sale, then an Invoice is to be raised. The circular 10/2017 envisages that during such movement by a salesperson and Invoice book is carried to make the necessary Invoice.
  - c. However as per circular 10/2017, if such a supply is across the state, then it would come under the gambit of inter state sale and IGST would be payable on it.
  - d. In case the person doesn't have any registration in the state he should apply for registration as a casual person, under section 27 of CGST Act. However when transferring material between states he needs to use an Invoice and not a Delivery challan,
9. What are the details required in a Delivery challan
- a. It should have the GST number of the sender. The HSN code of the material, weight, value and the taxable amount.
  - b. Delivery challan number and date.
  - c. It can be sent to an unregistered person. It should have details of the unregistered person such as the address and details of certain government id such as PAN or adhar number.
  - d. If sent to a registered person it should contain the details of the receives GST number and address.
  - e. It should clearly state the purpose of such a movement
  - f. The signature.

- g. This has to prepared in Triplicate. Original for consignee (or receiver), Duplicate for transporter and Triplicate for the consignor.
10. What is the GST on stock Transfer between Branches ?
- a. If the stock transfer is with in the same state and the GST registration are same there is no impact on GST.
  - b. If the stock is transferred between Branches which are in different states, the GST numbers are different and are different entities as per GST law. Hence such transfers would be liable to tax.
11. What is the HSN code of a gold watch when the value of the watch is comparatively low compared to the bracelet, bangle,.. Etc in which the watch is embedded ?
- a. Chapter 71, explicitly does not contain watches as per the chapter note. The above would be classified under chapter 91.

Disclaimer : The opinions provided are based on the generic queries raised by JAB to legal experts. Hence members are advised to consult a legal expert or seek professional advice on the matter before taking any decision. JAB shall not be liable for any legal consequences / actions faced by the jewelers.