



	PAGE
<i>About the Author</i>	<i>I-5</i>
<i>Preface</i>	<i>I-7</i>
<i>Brief Profile of Our Experts</i>	<i>I-9</i>

CHAPTER 1
INTRODUCTION

➤ Excise Duty Re-introduced-2016	2
➤ Simplified Procedures for Jewellery Manufacturers	6
➤ Important modifications as interim arrangement	10
➤ Constitution of sub-committee of high level committee	11
➤ Excise Registration date extended to 1st July, 2016	12
➤ National Economic Forum (NEF) - Recommendations	12
➤ Sub-Committee of High level committee recommendations	17

CHAPTER 2
BASIC CONCEPTS OF EXCISE DUTY

➤ Law relating to Excise Duty	22
➤ Excisable Goods	24
➤ Manufacture and Production	24
➤ Manufacturer	26

	PAGE
➤ Principal Manufacturer	27
➤ Factory Premises	27
➤ CETA, 1985 - Classification of Articles of Jewellery	29
➤ Precious Metal	30
➤ Deemed Manufacture in CETA, 1985	31
➤ Effective rates on Articles of Jewellery	32
➤ Brief Description of Precious Metals and Stones	36

CHAPTER 3

REGISTRATION

➤ Registration of Factory/Warehouse	39
➤ Procedure of getting registered	40
➤ Identifying the limits for getting registered	40
➤ Application for registration	42
➤ No Physical Verification	45
➤ Centralized Registration	45
➤ Exemption from Registration	46
➤ Alterations/Changes in Registration	48

CHAPTER 4

HOW TO WORK POST REGISTRATION

➤ Applicability of Excise on opening Stock	50
➤ Rate of Duty to be charged	51
➤ Payment of Excise Duty	52
➤ Valuation for Excise Duty	54
➤ First sales invoice-Meaning	54
➤ Sale to Related Party	55
➤ Excise Invoicing	59
➤ Articles to be removed on "first sales invoice"	60
➤ Excise Department disclosures	63
➤ Invoicing to retail customer providing old jewellery	64
➤ Invoicing by unregistered Exempted manufacturer	65
➤ Records to be maintained	65

CONTENTS

I-13

	PAGE
➤ Returns to be filed	70
➤ Simplified Quarterly return	70

CHAPTER 5

SELLING THE JEWELLERY FROM SHOWROOM

➤ No Registration of Showroom Business	74
➤ Maintaining Separate premises	75
➤ Procedures for separating the Showroom from Excise purview	76
➤ Challenges if manufacturer and the seller are virtually the same person	77
➤ Precautions by Jewellers Showroom	79
➤ Maintaining owned workshop	82

CHAPTER 6

MANUFACTURING JEWELLERY ON JOB WORK BASIS

➤ Meaning of Job Work	84
➤ Meaning of Job Worker	85
➤ Records by Job Worker	85
➤ Suggested Methodology	86
➤ Disposal of scrap and wastages generated at Job workers place	87
➤ Procedure for sending goods to job worker	87
➤ Procedure for sending finished goods by job worker	88
➤ Alternate Option to get Job worker registered as Manufacturer or Principal Manufacturer	89

CHAPTER 7

EXCISE BENEFITS FOR SMALL SCALE INDUSTRIES (SSI)

➤ Exemptions to small units	90
➤ Exemption Limit for Jewellers	91
➤ Computing Exemption limits for SSI	92

	PAGE
➤ Work/process not amounting to manufacture	96
➤ Other procedural benefits to SSI	96
➤ SSI Exemption using Brand of others	97
➤ Clubbing of Clearances of SSI	99

CHAPTER 8

COLLECTION RULES - 2016

➤ Introduction to Collection Rules 2016	101
➤ Procedure of Discharging Central Excise Duty liability	102
➤ Removal of inputs or semi-finished articles or finished articles	102
➤ Manner of payment of duty	103
➤ SSI to pay duty on quarterly basis	103
➤ Mandatory E-payment of Excise duty	104
➤ Consequences of late payment of Excise Duty	105
➤ Invoice for selling Articles of Jewellery	105
➤ Records to be maintained	106
➤ Daily Stock Account of manufactured Goods	107
➤ Daily Stock Account of Traded Goods	107
➤ Removal of inputs or semi-finished articles or finished articles	108
➤ Receipt of Duty paid articles	109
➤ Preserving books of Account	109
➤ Job work in Articles of Jewellery	109
➤ Work Procedure for Job Work	110
➤ Optional Scheme for Manufacturers and Traders	111
➤ Other provisions of Central Excise Rules, 2002 to apply <i>mutatis mutandis</i>	115

CHAPTER 9

JEWELLERS - TREATMENT OF SPECIAL CASES

➤ Branding at Showroom location	116
➤ Jewellery received for Service or repair	118
➤ Provision for Returned Goods	120

CONTENTS

I-15

	PAGE
➤ Excise Duty on Export	121
➤ Treatment of wastage, making charges and stone charges	121
➤ Excise Duty on sale of scrap	121
➤ Excise Duty liability on movement of Jewellery	121
➤ Duty payable in case Jewellery sold on EMI basis	122
➤ Applicability of CVD on importation of Jewellery	123

CHAPTER 10

CENVAT CREDIT RULES

➤ Introduction to CENVAT	124
➤ Eligible Input Service	125
➤ Conditions for availing CENVAT credit	126

CHAPTER 11

EXCISE AUDIT

➤ Section 14A - Special audit in certain cases	127
➤ Section 14AA - Special audit - Credit of duty availed or utilize is not within Limits	127
➤ Audit by excise officer	128
➤ Legal Backing	128
➤ Audit Requirement - Jewellers	129
➤ Desk Audit	129
➤ No Physical verification	129
➤ Show cause notice	129
➤ Existing circular/instruction	130
➤ Decision of Delhi High Court - Declaring departmental audit under Service tax illegal	131

CHAPTER 12

CONSEQUENCES OF NON-COMPLIANCES

➤ Interest for delayed payment	133
➤ Penalties for contravention of Excise laws	134
➤ Personal Penalty on Directors, Manager or Officer of the Company	135

I-16**CONTENTS**

➤ Other Miscellaneous penalties	135
➤ Classification of committing Offences	136
➤ Imposition of Fine and Imprisonment	137
➤ Cognizable and Non-Bailable Offences	138
➤ Power of Central Excise Officers	138
➤ Power to Summon, Visit or Search and Seizure	138
➤ Provisional release of seized goods	139
➤ Power to Confiscate the Goods	140
➤ Guidelines for Manufacturers of Articles of Jewellery	140
➤ Clear Reason to Believe of evasion	141
➤ Not to visit, summoned, search and seizure for procedure related matter	141
➤ Visit, Summon, Search and Seizure only where substantial duty evaded	141
➤ No visit or Search against Karigars/Artisans	141
➤ Summons only on approval of Commissioner	142
➤ Visits only on approval of Commissioner	142
➤ Visit, search and Seizure above expected evasion Rs. 75 Lakhs	142
➤ Release of Seized Goods under Supratnama	142
➤ Power to Arrest and Prosecute	143
➤ Clear Reason to Believe of evasion before arrest	143
➤ Not to Arrest and prosecute for procedure related matter	143
➤ Arrest only where substantial duty evaded - Minimum Rs. 200 lakhs	144
➤ Vexatious Search	144

ANNEXURES

ANNEXURE 1 - Stock Certificate from CA	145
ANNEXURE 2 - Draft Format of Excise Invoice	146
ANNEXURE 3 - List of records to be maintained	147
Guide to relevant Notifications, Circulars & Press Release	151