



GST For Jewellers

Frequently Asked Questions



INDIA BULLION AND JEWELLERS
ASSOCIATION LTD.

Since 1919



1. What is GST?

Ans- GST is an indirect tax which will eliminate various taxes like VAT tax, Excise, Service tax, Octroi, etc.

2. From when will be GST implemented?

Ans- GST is implemented from 1st July 2017.

3. Is income tax required to be paid after GST?

Ans- Yes, income tax is direct tax and GST is indirect tax, hence Income Tax will be required to be paid even after GST.

4. What will be the GST on Gold and Gold Jewellery?

Ans- GST rate on gold jewellery is 3%. However, registered jewellers have to pay 5% on making charges on making jewellery but will be able to recover only 3%. Input credit of 2% will be available as refund, on making charges, if any.



5. What is difference between GST & VAT?

Ans- Under VAT Act, VAT is paid on purchase of goods and collected on sale of goods. A business entity is required to pay VAT on difference between VAT collected & VAT paid. But under GST, Octroi, Service Tax, Excise, etc. will also be eliminated and will be subsumed with GST. Hence, under GST law, tax is to be paid on sale of goods minus tax paid on purchase of goods.

6. Is it necessary to enroll under GST?

Ans- Yes, please take help of your CA & tax consultant to enroll under GST immediately.

7. What is the turnover limit for registration under GST?

Ans- Turnover limit for registration under GST is Rs.20 Lacs. However, for North-East States this limit is Rs.10 Lacs.



8. Is “Karigar” required to take GST number?

Ans- Yes, if his income from making his jewellery exceeds from Rs.20 Lacs per annum than he must obtain GST number.

9. If a registered jeweler gets his job work done from outside “Karigar” than how GST will be applicable?

Ans- If a “Karigar” is also registered under GST than he will recover GST on making charges from jeweler. But if “Karigar” is not registered than jewelers will have to pay tax on making charges paid to “Karigar”.

10. If the jeweler has its own manufacturing unit how GST will be applicable?

Ans- To run a manufacturing unit one is already paying GST for power bills, telephone bills, purchase of goods, rent, consultancy fees, etc.



11. How the GST will be applied on repairing of jewellery?

Ans- GST will be applied on repairing charges only. However if some gold is added while repairing goods, GST @3% to be paid on additional gold used for repairing. 18% GST will be applied on repairing.

12. A customer wants to exchange a coin/bullion into ornaments how GST will be applied?

Ans- Since the customer is exchanging one product to the other; GST will be levied on full value of the product. If customer is unregistered, than jeweler will also have to pay GST on bullion received from customer apart from payment of GST on full value of product exchanged.

13. How will GST apply if a customer wants to convert a chain to a mangalsutra?

Ans- Since original product is getting converted to different product, GST will be levied on full value of mangalsutra.



14. Is it necessary to write making charges separately while raising invoice to the customers?

Ans- If the international standards are to be adopted making charges and wastage must be written separately while rising invoice to the customer. However, government has stated that jewellery will be taxed at 3% and hence there is no need to write making charges separately. However, we are seeking clarity on these issue from government.

15. Is it necessary to prepare voucher etc. while issuing goods to “Karigar”?

Ans- Yes, otherwise goods can be confiscated.

16. Sometimes, one “karigar” directly send goods to another “Karigar” in that case is it necessary to prepare voucher etc.?

Ans- Yes, otherwise goods can be confiscated.



17. My man takes 20kg. Goods to different states of which he brings back some goods and he sales some goods, how SGT will be levied?

Ans- GST will be levied on all goods which are sold, but he cannot take goods to other states where you don't have office and where you have not applied for casual taxable number in that state.

18. I have one shop/office in Mumbai and another shop/office in Surat how GST will be levied?

Ans- While transferring goods from one office to another which is in different state GST will be levied. However, input credit for be same will be available.

19. If the goods are transferred for exhibition to a different state how GST will be levied?

Ans- GST is always levied on supply but when the goods are taken to the exhibition there is no supply hence, GST shouldn't be levied but clarifications



from government are required. Current law says that GST will be applicable for movement of goods from one state to another for trade fairs and exhibition.

20. What precautions are required under GST?

Ans- The violation of GST is subject to penalties and precaution hence it is important that GST is followed rigorously.



21. Give an example of GST?

Ans-

Purchase :-

	Price	GST Rate	GST
Bullion	300000	3%	9000
Labour	10000	5%	500
Telephone Bill	1000	18%	180
Total Rs.	311000		9680

Sales:-

	Price	GST Rate	GST
Jewellery	450000	3%	13500
Total Rs.	450000		13500

GST to pay to government: Rs.

Sales – 13500

(-) Purchase – 9680

Pay Government - 3820



22. Can a businessman send goods on approval to customer?

Ans – Yes, a businessman can send goods on approval for a six months period and tax is required to be paid only when goods are approved by the customer.

23. Will businessman be required to declare stock as on 30th June 2017 if GST is implemented from 1st July 2017?

Ans – Yes, stock is to be declared, within 90 days.

24. Should job worker himself compulsorily registered under GST?

Ans- Yes, he must get himself registered because if he is not registered tax is to be paid by the jeweler for all job work done by job worker.

25. Will VAT credit on old stock will be available?

Ans- Yes, but old stock should not be more than one year old. Also the old stock must be sold within 6 months to avail VAT credit of old stock.



26. Will excise credit on old stock will be available?

Ans- In my opinion if excise paid is 1%, than excise credit will not be available.

27. What is reverse charge mechanism?

Ans- When you purchase goods, or make jewellery or spend any expenditure through unregistered dealer, a registered jeweler is required to pay GST on reverse mechanism.

We request you to take advice of your tax consultant or Chartered Accountant in this regard.

For anymore clarification you may contact our national secretary CA Surendra Mehta on surendramehta@ibja.in