

My dear jewelers friends,

Date: 16.5.2017

Greetings for the day.

As you are aware that our association has been regularly updating Gem and Jewellery fraternity for all new provision introduced by the government. In this respect we enclose herewith some important point in respect of GST. We have tried our level best to explain you this in very simple & mannered language. We have also consulted an expert in this regard.

I am sure this GST information will be very useful and helpful to you.

Thanking you.

Sd/-

Mukesh Mehta.

President- India Bullion And Jewellers Association.

## **GST For Jewelers.**

### **Frequently Asked Questions.**

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 likely to be implemented from 1<sup>st</sup> 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- Chief Economic Advisor Mr. Arvind Subrahmaniyam has advised 12% GST rate on Gold and Gold Jewellery. However, final decision on this regard is likely to be taken on 19<sup>th</sup> May 2017.

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 is used to be paid on additional gold used for repairing.

12. 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.

13. A customer wants to convert 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.

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 not given any clarification in this regard.

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. 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 are in different state GST will be levied. However, input credit for be same will be available.

18. 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.

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.

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	1%	3000
Labour	10000	12%	1200
Telephone Bill	1000	18%	180
Total Rs.	311000		4380

**Sales:-**

	Price	GST Rate	GST
Jewellery	450000	1%	4500
Total Rs.	450000		4500

GST to pay to government:      Rs.

Sales –                                      4500

(-) Purchase –                              4380

Pay Government -

120

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 30<sup>th</sup> June 2017 if GST is implemented from 1<sup>st</sup> July 2017?

Ans – Yes, stock is to be declared.

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. What is E- way bill?

Ans – When the goods are transferred from one place to other, from one office to other, E- way bill must be prepared. The responsibility of preparing E- way bill will be of a person who is transferring the goods. E-way must be prepared on GST portal where in EBM number will be allotted. If goods are found to be moving without E-way bill same can be confiscated.

26. Is E- way bill required to be made while transferring goods for hallmarking or sending goods to job worker?

Ans- Yes, E-way bill must be prepared.

27. Is E-way bill required to be paid by a job worker while sending goods to jeweler?

Ans- Yes, E-way bill must be prepared.

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

CA Surendra Mehta.

National Secretary – IBJA

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