

Sectoral

Gems and Jewellery

1. When we issue gold as raw material to our Job Worker for Job Work and he returns that gold as finished goods, what GST treatment will be done and how to calculate the value?

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. For more information, [click here](#).

2. Banks lend gold in physical form for a period not exceeding six months and receive interest on the gold ounces disbursed as the same is converted into Rupees after calculation of interest on the ounces and the \$/INR conversion. Will the same methodology continue in case of GST as well wherein Banks shall pay a provisional GST (i.e. IGST/SGST/CGST) on ongoing market prices and pay the final GST as and when the prices are fixed?

Yes, Banks may avail of the benefit of provisional assessment provided under section 60 of the CGST Act, 2017.

3. What are the GST benefits under gems and jewellery sector?

Few Goods and Services Tax (GST) benefits under the gems and jewellery sector is as follows: a) Rate of duty on cut and polished colored gemstones changed from 2.5% to 5%. b) Rate of duty on diamonds including lab grown diamonds-semi processed, halfcut or broken, non-industrial diamonds including lab-grown diamonds (other than rough diamonds), including cut and polished diamonds changed from 2.5% to 5%. c) Rate of duty on Imitation Jewellery changed from 15% to 20%.

4. What is the aim of Sovereign Gold Bond Scheme?

The Government of India launched the Sovereign Gold Bond Scheme. This scheme enables the Reserve Bank of India (RBI) to issue gold bonds denominated in grams of gold individuals in consultation with Ministry of Finance. This scheme provides an alternative to owning physical gold. For more information, [click here](#).

5. What is Bureau of Indian Standards Hallmarking scheme?

The BIS Hallmarking Scheme has been aligned with International criteria on hallmarking. As per this scheme, Registration is granted to the jewellers by BIS under Hallmarking Scheme. The BIS certified jewellers can get their jewellery hallmarked from any of the BIS recognized Assaying and Hallmarking Centres. For more information, [click here](#).

6. If I want to bring in another sub-brand, can I do so?

Yes, but one need to set up a separate entity to undertake retail trading of the other brand. Please refer to Retail sector FAQs for more information.

7. How much foreign investment is allowed under opening a jewellery store in Duty-free area?

100% FDI is now permitted under automatic route in Duty Free Shops. For more information, [click here](#).

8. Banks import gold / silver on consignment basis where the ownership of the metal is with the supplier of the bullion which maybe an overseas entity. Is the overseas entity required to have GST registration because currently they do not file returns and are governed by multi-nation treaties?

This amounts to an import in accordance with the definition of the word “ import ” in the IGST Act, 2017 which provides that “ bringing into India of any goods from any place outside India ” is an import of the goods. What is material in this definition is the mere act of bringing into India; the ownership is not material for determining whether an import has taken place. Banks, being registered entities, would be liable to pay IGST on such imports but not the overseas entities since they are not effecting the import.

9. Is different GST rates applicable on the sale of a gold chain?

GST is payable at the rate of 3% of the total transaction value of jewellery, whether the making charge is shown separately or not. For more information, [click here](#).

10. Gold and silver imported by banks/nominated agencies on consignment basis are lying in stock as on 1st July. Clarification is required on how to charge the customers in transition phase from VAT to GST. Will customers be liable to pay GST rates?

GST is payable @ 3% with effect from 01.07.2017. For more information, [click here](#).

11. Whether advertising and communication material (banners/hoardings/posters) provided to distributors would be treated as supply in the course of business by the company thereby not requiring any reversal of ITC (Input Tax Credit)?

Where the material is provided free of cost: This would not amount to a supply and hence no tax is payable on such transaction and in such a case credit availed by the company would need to be reversed in accordance with section 17(5) of the CGST Act, 2017. Where the material is provided for a consideration: This would amount to a normal supply. For more information, [click here](#).

12. Currently Banks do not pay any VAT on import of precious metals. Banks/nominated agencies pay only customs duty on imports. In the new regime of GST, will the Banks have to pay IGST while importing?

Yes, 3% IGST is payable on all imports of precious metals in addition to the basic customs duty. IGST paid can be taken as input tax credit by the banks. For more information, [click here](#).