

No arrest of jewellers in cases of duty evasion below Rs 2 crore

There will be no excise audit for the first two years for jewellery manufacturers whose duty payment is less than Rs1 crore

Revenue officials will not arrest or prosecute jewellery manufacturers in cases where suspected excise duty evasion is less than Rs. 2 crore, the finance ministry said, in a move to address jewellers' concerns.

There will be no excise audit for the first two years for jewellery manufacturers whose duty payment is less than Rs.1 crore.

Manufacturers whose duty payment is more than Rs.1 crore and less than Rs.3 crore may be audited once in every two years and in cases of those with duty payment of Rs.3 crore, it could be done every year, the ministry clarified.

There were widespread protests by jewellers after the government in the budget proposed 1% excise duty on jewellery without input credit or 12.5% with input tax credit on jewellery excluding silver other than those studded with diamonds and precious stones.

Following the protest, the government had set up a panel under Ashok Lahiri to interact with the trade and industry on issues relating to compliance, maintenance of records and other administrative matters.

The government had accepted the recommendations of the panel and announced a host of measures for jewellery on 13 July. The Central Board of Excise and Customs (CBEC) has now issued notifications and circulars in this regard.

The CBEC said summons in respect of evasion of excise duty on articles of jewellery may be issued only with the approval of commissioner or equivalent rank officer.

“No arrest or prosecution for manufacturers or principal manufacturers of articles of jewellery shall be resorted to in cases where the duty evaded is less than Rs.2 crore,” the ministry said in a circular.

Also, there would be no visit, search and seizure by officials in cases where the expected evasion of duty is less than Rs.75 lakh. In such cases, the investigation of the case may be done under summons.

Further, “in case of seizure, the seized goods must be given back immediately to the manufacturer of principal manufacturer under supratnama,” the circular issued by CBEC said.

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