

Gst Impact On Gold, Jewellers

1. GST rates on Gold

3% GST on the price of gold used in the jewellery

5% GST on the making charges

10% Customs Duty on imported gold

2. Calculation of GST on gold Jewellery

The gold value is subject to a 3% GST. In addition, if the gold is imported from another country, the vendors will be charged a 10% customs duty on the gold value. If the gold is used to produce ornaments, a 5% GST is applied to the gold making charges. As a result, the value of jewellery is equal to the gold value plus custom duty, GST, making charges, and GST on making charges.

3. Availability of ITC

The jeweller can claim Input Tax Credit (ITC) paid on the raw materials used like gold and other job work charges like designing, polishing etc incurred. Also, when the jeweller pays tax on a reverse charge basis (RCM) for supply from an unregistered person or job worker, he can claim the ITC on such tax. For instance, a total of 5% GST is imposed on making charges for jewellery, and if you are a licenced jeweller, you can receive a 2% Input Tax Credit on making charges for jewellery after deducting 3% of GST paid.

4. Revised GST Rates on Gold

Prior to the introduction of GST, gold was subject to a 1% service tax and a 1% VAT (Value Added Tax). As a result, customers were paid an additional 2% on the sale price of gold. When a 3 percent GST was placed on gold, it became more costly. However, there was some relief since gold-making charges were reduced to 5% from 18% prior to the introduction of GST.

Therefore, the final price of jewellery is computed with following basic formula

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Price of gold X Weight in grams + Making charges + GST applied at 3% on the (price of jewellery + making charges)

5. E-way bill rules on Gold

Under GST, e-way bills are required for transportation of goods. Transporting gold in any form, including jewellery, goldsmith's wares, and articles (Chapter 71), does not require an e-way bill. As a result, whether the supplier or receiver of gold is GST licenced or not, gold can be transported without an e-way bill.