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19th March, 2012

TO: ALL MEMBERS OF THE COUNCIL

Sub: Highlights of Union Budget 2012-13

Dear All,

This is to inform you all that Shri Pranab Mukherjee, Hon'ble Finance Minister has announced the Union Budget for the year 2012-13.

The measures announced for Indian Gem & Jewellery Sector are as follows:

- Tax collection at source on purchase in cash of bullion or jewellery in excess of 2 lakh to deter the generation and use of unaccounted money

Measures pertaining to Customs Duty

- ❖ Basic customs duty is being increased on gold dore bars having gold content not exceeding 95%, imported for refining and manufacturing serially numbered gold bars in India from 1% to 2%
- ❖ Basic customs duty is being increased on Gold bars, other than tola bars, bearing manufacturers or refiners engraved serial number and weight expressed in metric units, and gold coins having gold content not below 99.5% from 2% to 4%.
- ❖ Basic customs duty is being increased on Gold in any form other than above, including tola bars and ornaments, but excluding ornaments studded with stones or pearls from 5% to 10%.
- ❖ Basic customs duty is being increased on Platinum from 2% to 4%.
- ❖ Basic customs duty of 2% is being prescribed for Cut and polished coloured gemstones.
- ❖ Peak customs duty remains unchanged at 10%

Measures pertaining to Central Excise Duty

- ❖ Excise duty is being increased on serially numbered gold bars, other than tola bars, starting from the gold ore or concentrate/gold dore bar stage in the same factory from "1.5%" to "3%"

रत्न तथा आभूषण निर्यात संवर्धन परिषद

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- ❖ Excise duty is being increased on serially numbered gold bars , other than tola bars and gold coin of purity not below 99.5% manufactured during the process of copper smelting from "2%" to "3%"
- ❖ Full exemption from excise duty is being provided for gold coins of purity 99.5% and above and silver coins of purity 99.9% and above
- ❖ An excise duty of 1% without CENVAT credit facility is being imposed on all articles of jewellery other than silver jewellery which is being fully exempted. Such duty is to be paid on tariff value which is being fixed at 30% of the transaction value as declared in the invoice
- ❖ While the general SSI exemption is being extended to such goods, it is also being provided that for the purposes of availing the exemption under the said notification for the financial year 2012-13, the aggregate value of clearances of Rs. 4.5 crore for 2011-12 shall be calculated on such tariff value.
- ❖ Excise duty rate is being increased on the DTA [Domestic Tariff Area] clearances of plain gold jewellery manufactured by an EOU (Export Oriented Units) in SEZ (Special Economic Zones) from 5% *ad-valorem* to 10% *ad valorem*.
- ❖ Full exemption from excise duty is being provided for all articles of precious metals not bearing a brand name
- ❖ Exemption of Central Excise Duty on branded silver jewellery

Thanking you,

With best regards,

SABYASACHI RAY
EXECUTIVE DIRECTOR