

F.No.354/38/2011 -TRU
Government of India
Ministry of Finance
Department of Revenue
Tax Research Unit

Room No. 146 I, North Block
New Delhi, dated the 2nd March, 2012

To

Chief Commissioners of Central Excise (All)
Chief Commissioners of Central Excise & Customs (All)
Chief Commissioners of Customs (All)
Directors General (All)

Sir/Madam,

Subject: - Clarification regarding levy of Excise duty on branded precious metal jewellery-reg.

I am directed to refer to D.O.F.No. B-1/3/2011-TRU dated 25.03.2011 at the post-budget stage 2011-12 containing the following clarification about the scope of Central Excise levy applicable to precious metal jewellery of CETH 7113 manufactured or sold under a brand name:

"ABC jewellers" advertises and sells its products under the brand "Star" or puts a logo like ABC i.e. in a stylized manner. It also puts the same brand name or an abbreviation thereof or a mark which has a connection with such brand name either on the jewellery or article itself or on the packing such as the jewellery box or pouch or even on the warranty card or certificate of quality. Such goods will clearly be treated as branded and will be liable to duty."

2. It is learnt that based on the said clarifications some enquiries have been initiated by the departmental agencies seeking to demand duty on such articles of jewellery which are packed in boxes, pouches etc. bearing a trade name or brand name or mark. References have since been received from the Trade requesting for providing clarity on

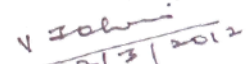
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levy of excise duty on jewellery sold under a Brand name. The industry has drawn attention to condition no. 8 of notification no.5/2006-CE dated 01.03.06 which provides that the exemption shall not be applicable to articles of jewellery of heading no 7113 on which brand name or trade name is indelibly affixed or embossed on the articles of jewellery itself. It has been argued that accordingly only such jewellery where brand name or trade name is indelibly affixed or embossed on the articles of jewellery itself should attract excise duty and duty should not be charged on the articles which do not themselves bear such marking but which are packed in a jewellery box or pouch bearing a trade name or brand name or in whose case, the warranty card or certificate of quality issued at the time of sale bears a trade name or brand name.

3. The issue has been examined. Condition no. 8 of notification no.5/2006-CE dated 01.03.06, is also relevant in this regard. The said condition provides that “the exemption shall not be applicable to articles of jewellery of heading no 7113 on which brand name or trade name is indelibly affixed or embossed on the articles of jewellery itself.”

5. It is clarified that the excise duty leviable on precious metal jewellery, manufactured or sold under a brand name, is attracted only on such jewellery on which the trade/brand name or any such mark or symbol or even a number which is cross referred with such trade/brand name ((not being a house mark used by jewellers for identification of jewellery at the time of exchange/resale) is indelibly marked or embossed. If such brand name is not affixed or embossed on the jewellery or article itself but appears on the packing such as the jewellery box or pouch or even on the warranty card or certificate of quality, such goods will not be treated as branded jewellery and thus will not be liable to excise duty. The clarification issued in this regard vide D.O.F.No.B-1/3/2011-TRU, dated the 25th March, 2011 stands modified to this extent.

Yours faithfully,


2/3/2012
(Vivek Johri)
Joint Secretary(TRU)