Job work for Gold Jewellery not liable to tax GST @12%/18%

-CA Heet Shah

The Items (ib), (ic) and (id) inserted by Notification No. 20/2019-Central Tax (Rate), dated 30-9-2019, w.e.f. 1-10-2019 has bring in confusion among various industry players.

GST Rate for Job work supply is provided vide Entry 26 of Notification no. 11/2017-central tax (rate) dated 26-06-2017 which is as follows

26	**Heading 9988** (Manufacturing services on physical inputs (goods) owned by others)	*(i)*	Services by way of job work in relation to—	2.5	-
			[70][(*c*) all products [71][, other than diamonds,] falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51of 1975);]		
		[77][*(ib)*	Services by way of job work in relation to diamonds falling under Chapter 71 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975);	*0.75*	-
		(ic)	Services by way of job work in relation to bus body building.	*9*	-
			[78][*Explanation*.—For the purposes of this entry, the term "bus body building" shall include building of body on chassis of any vehicle falling under Chapter 87 in the First Schedule to the Customs Tariff Act, 1975].		
		[78a][(ica)	*Services by way of job work in relation to manufacture of alcoholic liquor for human consumption*	9	-]
		(id)	Services by way of job work other than [78b][*(i), (ia), (ib), (ic) and (ica)*] above;	*6*	-]
		(iv)	Manufacturing services on physical inputs (goods) owned by others, other than [82][*(i), (ia), (ib), (ic), (ica), (id), (ii), (iia) and (iii)*] above.	9	-]]

From the above one must note that Job work service in relation to for Jewellery falling under Chapter 71 in the First Schedule (viz. Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin) would attract **GST @ 2.5%** .Further Job work in relation to Daimond falling under chapter 71 would attract **GST @ 0.75%** ; Therefore based on the type of Jewellery only 2 rates would be attracted under GST for the Jobwork.

The clarification vide circular 126/45/2019 dated 22-11-2019 , issued by CBIC deals with clause *(id)* & *(iv)* and not with clause *(i)* & *(ib)* which deals with Job-work service for diamonds and Jewellery. Clause *(id)* & *(iv)* specifically excludes the item covered under clause *(i), (ia), (ib), (ic) and (ica)*

One must not be confused with said clarification as same does not affects Diamond and Jewellery.

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