

GJEPC: Exhibition Jewellery, Return Consignments Exempted From IGST



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The gems and jewellery industry breathed a collective sigh of relief following an announcement by the ministry of finance on July 22nd that the Integrated Goods and Services Tax (IGST) will not be levied on gems and jewellery taken out of India for exhibition purposes. The Director of Customs vide Circular No. 21/2019 also clarified the applicability of Notification No. 45/2017 - Customs dated 30.06.2017 on goods which were exported earlier for exhibition purpose/consignment basis.

The Gem & Jewellery Export Promotion Council (GJEPC) had made several representations in this regard to the Ministry of Finance, Department of Revenue, and Central Board of Indirect Taxes & Customs. To date, gems and jewellery carried outside the country for exhibitions and the unsold consignments which were brought back to India attracted IGST at the time of reimport.

The statement from the Government of India clarified that the activity of sending/taking the goods out of India for exhibition or on consignment basis for export

promotion do not constitute as supply as the said activity does not fall within the scope of section 7 of the CGST Act as there is no consideration at that point in time. Since such activity is not a supply, the same cannot be considered as “zero-rated supply” as per the provisions contained in section 16 of the IGST Act.

GJEPC chairman Pramod Agrawal said, “The Council is really grateful to the Government of India and the Customs Department for the circular clarifying on relief of IGST on reimport of goods after exhibition/consignment. We are especially thankful to union commerce & industry minister Piyush Goel, union finance minister Nirmala Sitharaman, officials of the union ministry of commerce & industry, union finance ministry, and Customs authorities for their understanding and support. Thank you all for the patience shown as it will be a great relief to the gems and jewellery industry.

“The entire gem and jewellery industry is thankful to the Government of India for coming up with this trade-friendly step, as this

will further boost the promotional activities globally. As the apex body of the industry, while making representations we have not left any stone unturned in our genuine effort towards resolving this issue. The move will definitely provide respite to our member exporters.”

The Circular also clarified that even in cases where exports have been made to related or distinct persons or to principals or agents, as the case may be, for participation in exhibition or on consignment basis, but, such goods exported are returned after participation in exhibition or the goods are returned by such consignees without approval or acceptance, as the case may be, the basic requirement of ‘supply’ as defined cannot be said to be met as there has been no acceptance of the goods by the consignees. Hence, reimport of such goods after return from such exhibition or from such consignees will be covered by entry at Serial no. 5 of the Notification No. 45/2017 dated 30.06.2017, provided re-import happens before six months from the date of delivery challan. ■