
	<b>KERALA AUTHORITY FOR ADVANCE RULING</b> <b>GOODS AND SERVICES TAX DEPARTMENT</b> <b>TAX TOWER, THIRUVANANTHAPURAM</b>	
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**BEFORE THE AUTHORITY OF:** *Shri. B.G. Krishnan IRS &*

*: Shri. B.S. Thyagarajababu B.Sc, LL.M*

Legal Name of the applicant	M/s. CGR Gold Trading
GSTIN	32AADFC4597P2ZY
Address	40/1013, Perumpillil Building, 4 <sup>th</sup> Floor, MG Road, Ernakulam 682011.
Advance Ruling sought for	<i>The rate of tax for the services rendered on:</i> i) <i>Quality testing and certification of gold ornaments.</i> ii) <i>Testing and appraisal of purification level of the gold ornaments</i> iii) <i>Gold maintenance / repair works such as enlargement of gold chains or other gold ornaments or cutting and polishing of gold ornaments or other repairs of gold ornaments.</i> iv) <i>Printing name of emblems or embossing / projecting top or side portion of ornaments.</i> v) <i>Cutting, shaping, sizing and conversion of gold ornaments into coins / biscuits as per the specific instructions of customers.</i> vi) <i>Is there any tax liability under GST laws on the applicant for the pure job works if the total turnover of the applicant is below Rs.19 lakhs per annum.</i>
Date of Personal Hearing	05.09.2019
Authorized Representative	Adv.K.S.Hariharan.

**ADVANCE RULING No. KER/ 61 /2019 Dt.16.09.2019**

The applicant is engaged in the business of conducting fire assay testing. Fire assaying is one of the industry standard process for testing gold purity for the purpose of awarding purity certificates. 24K gold converted into 22K gold for the manufacture of ornaments. 22K gold normally contain 91.6% of bullion and 8.4% of other metals like copper. Fire assay test is conducted to know the percentage of pure gold and other alloys present in the gold specimen. Applicant requested advance ruling on the following:

- i) *The tax liability of the applicant; the rate of tax for the services rendered by the applicant on quality testing and certification of gold ornaments.*
- ii) *The services of testing and appraisal of purification level of the gold ornaments that is – to certify the grade of gold smith works on the specimen given by gold workers. Gold maintenance / repair works such as enlargement of gold chains or other gold ornaments or cutting and polishing of gold ornaments or other repairs of gold ornaments.*

- iii) *Printing name of emblems or embossing / projecting top or side portion of ornaments.*
- iv) *Cutting, shaping, sizing and conversion of gold ornaments into coins / biscuits as per the specific instructions of prospective customers.*
- v) *Is there any tax liability under GST laws on the applicant for the pure job works if the total turnover of the applicant is below Rs.19 lakhs per annum.*

The authorized representative was heard. It is explained that the applicant collect gold specimen from customers. The sample is placed in a vessel made up of magnesium called 'cupel' and heated in a furnace. During this process the 'cupel' absorbs all metals in the alloy except gold and silver. The left-over gold and silver is then heated in Nitric acid to separate silver from gold. The remaining gold is weighed to determine the percentage of gold contents in the gold specimen. It is a three hour process and based on this analysis Fire assay certificate issued specifying the percentage of gold. If the gold content is 91.6% or more, 916 Hallmark Certificate is issued. The equipments used for this process are micro-balance, furnaces, heaters, and rollers. Hallmarking is testing and stamping of purity in the specimen gold jewellery and thereby it is a part of jewellery manufacturing process.

The matter was examined in detail. The applicant is engaged in goldsmith services such as quality testing / hall marking / certifying the percentage of purity of gold ornaments. The technical testing and analysis services under Goods and Service Tax classification comes under Service Accounting Code 998346. This service comes under Heading; Other professional, technical and business services. The rate of GST applicable to SAC 998346 is 18% as per SI No. 21 (ii) Other professional, technical and business services of Notification no 11/2017 CT(Rate) dated 28-06-2017.

As per section 2 (68) of the CGST /SGST Act, the job work is a treatment or process undertaken by a person on goods belonging to another registered person. The job worker is expected to work on the goods given by the principal, however in addition to the goods received from the principal, the job worker can use his own goods for providing the services of job work. Hence the activity of jewellery manufacturing services like gold maintenance / repair works on physical inputs (goods) owned by others, is a job work. As per Section 22 of CGST/SGST Act, 2017; every supplier of services is required to obtain registration only when his aggregate

turnover, to be computed on all India basis, in a financial year exceeds the threshold limit of Rs.20 lakhs.

In view of the observations stated above, the following rulings are issued:

- i) *The tax liability of the applicant; the rate of tax for the services rendered by the applicant on quality testing and certification of gold ornaments.*

The quality testing and certification of gold ornaments are covered under Service Classification Code, 998346 – Technical testing and analysis services. This service code includes; testing and analysis of the chemical and biological properties of materials such as air, water, waste (municipal and industrial), fuels, metal, soil, minerals, food and chemicals. The rate of GST applicable to 998346 is 18% as per Sl No. 21 (ii) Other professional, technical and business services - of Notification No. 11/2017 Central Tax (Rate) dated 28.06.2017.

- ii) *The services on testing and appraisal of purification level of the gold ornaments that is – to certify the grade of gold smith works on the specimen given by gold workers.*

The quality testing and certification of gold ornaments are covered under SAC 998346. The rate of GST applicable to 998346 is 18% as per Sl No. 21 (ii) Other professional, technical and business services - of Notification No. 11/2017 Central Tax (Rate) dated 28.06.2017.

- iii) *Gold maintenance / repair works such as enlargement of gold chains or other gold ornaments or cutting and polishing of gold ornaments or other repairs of gold ornaments.*

The Jewellery Manufacturing Services includes gold maintenance / repair works, which falls under Service Classification Code 998892. As per Section 2 (68) of the CGST Act, 2017; Job work is defined as undertaking any treatment or process by a person on goods belonging to another registered person and the expression "job worker" shall be construed accordingly. The rate of GST applicable for manufacturing services on physical inputs (goods) owned by others is 5%; if undertaken on goods belonging to registered persons as per Sl No.26 (i) (c) and 18% GST, if job work undertaken on goods belonging to unregistered persons as per Sl No. 26 (iv) of Notification No.11/2017 Central Tax (Rate) dated 28.06.2017.

iv) *Printing name of emblems or embossing / projecting top or side portion of ornaments.*

Same as Q.No.iii above.

v) *Cutting, shaping, sizing and conversion of gold ornaments into coins / biscuits as per the specific instructions of prospective customers.*

Same as Q.No.iii above.

vi) *Is there any tax liability under GST laws on the applicant for the pure job works if the total turnover of the applicant is below Rs.19 lakhs per annum.*

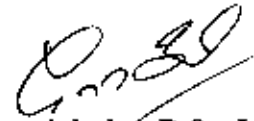
As per Section 22 of CGST/SGST Act, 2017; every supplier of services is required to obtain registration only when his aggregate turnover, to be computed on all India basis, in a financial year exceeds the threshold limit of Rs.20 lakhs.



**B. G. Krishnan, IRS**

**Joint Commissioner of Central Tax**

**Member**



**B.S. Thyagarajababu, B.Sc, LL.M**

**Joint Commissioner of State Tax**

**Member**

To

M/s. CGR Gold Trading,  
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