



For Immediate Release

## **Increase in GST on cut & polished diamonds to 1.5%, resolves the issue of ITC accumulation for the sector**

**29th June, 2022, Mumbai:** GST Council, in its 47th meeting held on 28th and 29th June 2022, has come up with revisions in GST rates for a series of products. With regards cut & polished diamonds, the GST has been increased from 0.25% to 1.5% (effective 18th July 2022), which the diamond sector has welcomed as it resolves their issue of ITC accumulation being faced on account of inverted duty under GST Regime.

Vide Notification No. 7/2018- Integrated tax (Rate) dated 25th January 2018, the GST rate on cut and polished diamonds was reduced from 3% to 0.25%, whereas the gem & jewellery industry continued to incur GST between 1.5% (job work charges) to 18% (e.g. grading and certification charges, bank charges etc.) on procurement of input services as also certain inputs/ capital goods. Absence of the facility to claim refund of such input tax credit ('ITC') accumulated on account of input services under Section 54(3) of the Central Goods and Services Act, 2017('CGST Act') , this led to huge ITC accumulation, as regards transactions in the domestic stream, which transactions eventually culminate into exports.

GJEPC, the apex body of gem & jewellery trade in India, to ward off the stress that the diamond sector was going through due to accumulation of the GST, through a series of representations, had been seeking redressal through enhancement of the rate of GST on cut & polished diamonds in the front end, GST decrease on grading and certification (GCS) to 1.5%, refund of accumulated ITC, etc.

**Colin Shah, Chairman, GJEPC** said, "We are thankful to Hon'ble Finance Minister for rationalizing the GST rates on cut & Polished diamonds and giving relief with regard to the issue of ITC accumulation for the diamond sector. It is estimated

that approximately Rs. 600+ Crores of ITC accumulation is there as on date with the Diamond Industry. The increase in GST rate on Cut & Polished diamonds will not only stop further accumulation of ITC but help in release of blocked working capital and stimulate industry growth. We would now earnestly urge the Govt. to formalize a mechanism for the traders to receive the refund of the accumulated GST.”

"Our sincere gratitude to Hon'ble CIM for the continued support extended to the Gem and Jewellery trade and stimulating ease of business for the sector", added Colin Shah

**Ajesh Mehta, Co-convener, Banking, Insurance & Taxation Committee, GJEPC** said, “We thank the GST Council and Hon’ble Finance Minister Smt. Nirmala Sitharaman for accepting our recommendation to increase the GST on cut & polished diamonds to 1.5%.”

“On behalf of the gem and jewellery industry, I would like to express my gratitude to Smt. Darshana Jardosh, Union State Minister of Railways and Union State Minister of Textiles, and GST Commissionerate of Gujarat, Maharashtra and Rajasthan for their support and guidance.”

#### **About The Gem and Jewellery Export Promotion Council (GJEPC)**

The Gem & Jewellery Export Promotion Council (GJEPC), set up by the Ministry of Commerce, Government of India (GoI) in 1966, is one of several Export Promotion Councils (EPCs) launched by the Indian Government, to boost the country’s export thrust, when India’s post-Independence economy began making forays in the international markets. Since 1998, the GJEPC has been granted autonomous status. The GJEPC is the apex body of the gems & jewellery industry and today represents 7500 members in the sector. With headquarters in Mumbai, GJEPC has Regional Offices in New Delhi, Kolkata, Chennai, Surat and Jaipur, all of which are major centres for the industry. It thus has a wide reach and is able to have a closer interaction with members to serve them in a direct and more meaningful manner. Over the past decades, GJEPC has emerged as one of the most active EPCs and has continuously strived to both expand its reach and depth in its promotional activities as well as widen and increase services to its members.

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