

### **9) Certain clarifications on the excise audit of manufacturers of jewellery**

Based on the recommendations of Sub-Committee, Government has issued following guidelines in respect of excise audit of manufacturers of jewellery –

- No excise audit for the manufacturers whose duty payment (Cash+Credit) is less than Rs.1 Crore for the first two years;
- After two years, the audit will be carried out in the following two ways –
  - ✓ Assesseees whose duty payment is less than Rs.50 Lakh - [5% of the total no. of registered manufacturers will be audited and selection should be approved by the Commissioner];
  - ✓ Assesseees whose duty payment is more than Rs.50 lakh and less than Rs.1 crore - [Once in every 5 years];
- Assesseees whose duty payment is more than Rs.1 crore and less than Rs.3 crore - [Once in every 2 years];
- Assesseees whose duty payment is more than Rs.3 crore - [once in every year];
- Audit is the **desk audit** i.e., audit is to be done in the office of jurisdictional central excise commissionerate and not at the premises of the assessee. Moreover, such audit cannot involve any physical verification of stock;
- Any show cause notice to be issued pursuant to the audit shall be issued and adjudicated by an officer of the rank of commissioner.

***[Circular No. 1041/29/2016-CX dated 26.07.2016]***