

GIB/KA/RAJARATHANAM JEWELS/27.07.18/AAR-25

Advance Ruling Category : Taxability

State : Karnataka

Order No.: GIB/KA/RAJARATHANAM JEWELS/27.07.18/AAR-25

Name of Entry :

M/s Rajarathnam's Jewels

Date : 27-07-2018

Product/ Service Involve :

deposit of diamonds with safe vaults acknowledged by Electronic Vault Receipts (EVR), e-Units (securities) representing diamonds, derivative contracts in e-Unit and conversion of e units into diamonds.

Breif Issue :

- a) Whether mere deposit of diamond with safe vaults acknowledged by Electronic Vault Receipts (EVR) would be treated as supply for the purpose of levy of GST?
- b) Whether conversion of EVR (representing receipt for diamonds deposited) into e-Units (securities) would be treated as supply liable to GST?
- c) Whether e-Units would be treated as securities and thereby transaction in e-Units would remain out of scope of the levy under GST?
- d) Whether the derivative contracts in e-Unit and settlement thereof would be treated as transaction in securities and thereby would remain out of scope of the levy under GST?
- e) Whether conversion of e-Units into diamonds would be treated as supply liable to GST?

Decision of Advance Ruling Authority :

1. The mere deposit of diamond with safe vaults acknowledged by Electronic Vault Receipts (EVR) does not constitute of supply of diamonds for the purpose of levy of GST
2. The conversion of Electronic Vault Receipts representing the diamonds held in the Vaults to e-Units would constitute a supply of diamonds liable to tax under the Goods and Service Tax Act.
3. The e-Units are securities under the clause (101) of section 2 of the Central

Goods and Services Tax Act and hence transactions in e-Units would remain out of the scope of levy of tax under Goods and Services Tax Act.

4. The derivative contracts in e-Units and settlement thereof would be treated as transactions in securities in case it involves only e-Units without any involvement of physical diamonds and thereby would remain out of the scope of levy under GST.

5. The conversion of e-Units into diamonds would constitute a supply of diamonds liable to tax under the Goods and Services Tax Act.