

E-Way Bill Applicability for the Jewellery Sector: A Detailed Overview

Introduction

The key distinction between Income Tax and GST lies in the basis of their levy. **Income Tax is period-based**, assessed on income earned during a financial year, whereas **GST is transaction-based**, applicable at the point of supply.

Evasion of Income Tax can still be traced later by examining unaccounted assets, unexplained investments, or unaccounted expenses. In contrast, evasion under GST can be unearthed at the time of the transaction itself, as it is far more difficult to establish supply later.

E-way bill mechanism in GST serves as a critical anti-evasion tool. It requires prior reporting of the movement of goods above a specified threshold, thereby creating a real-time trail of transactions. If goods are found in transit without a valid e-way bill, it is presumed that the movement was undertaken with the intent to evade tax and penalty equivalent to 200% of tax amount is levied. This makes the e-way bill an essential element in ensuring transparency and preventing revenue leakage under GST.

Rule 138 of the CGST Rules, 2017, lays down the provisions governing its applicability.

When is an E-Way Bill Required?

An E-Way Bill must be generated before the commencement of movement of goods. The requirement arises when the consignment **value exceeds specified value (Value including GST)**, irrespective of whether the movement is for the purpose of supply, for reasons other than supply (such as branch transfers, movement for job work, processing, etc.), or for an inward supply from an unregistered person.

This ensures that every significant movement of goods is tracked and reported to the tax authorities in advance.

Summary of Specified Value :

Nature of Movement	Specified Value for E-Way Bill
Inter-state (to/from other states)	
All states	Above ₹50,000
Intra-state (within state)	
Delhi, Maharashtra, Tamil Nadu, Bihar, Jharkhand, Madhya Pradesh, Punjab	Above ₹1,00,000
Rajasthan	Above ₹2,00,000
Other States	Above ₹50,000

Who is Responsible for Generating It?

The responsibility to generate the E-Way Bill depends on the party initiating the movement of goods. Primarily, the registered supplier causing the movement is required to generate it. In cases where the recipient undertakes the movement, the onus shifts to them.

Further, where goods are transported by a third party, the transporter may generate the bill if duly authorized. In the case of online transactions, the obligation may also fall on e-commerce operators or courier agencies, as applicable.

Structure of an E-Way Bill

The E-Way Bill consists of two parts :

- **Part A** captures critical details such as the description of goods, consignor and consignee details, invoice number, HSN code, and consignment value.
- **Part B** relates to the mode of transportation and requires the entry of vehicle or transporter details.

Important Note - E-way Bill without Part B is not valid except for jewellery Industry (Goods classified under Chapter 71)

Exemptions based on mode of transport:

Category	Exemptions
Mode of Conveyance	<ul style="list-style-type: none"> ▪ Transport by non-motorized vehicles (handcart, bullock cart, horse cart, pedal cart).
Customs Movements	<ul style="list-style-type: none"> ▪ Port/airport to ICD (Inland Container Depot) or CFS (Container Freight Station) ▪ Goods under customs bond/seal ▪ Transit cargo to/from Nepal or Bhutan

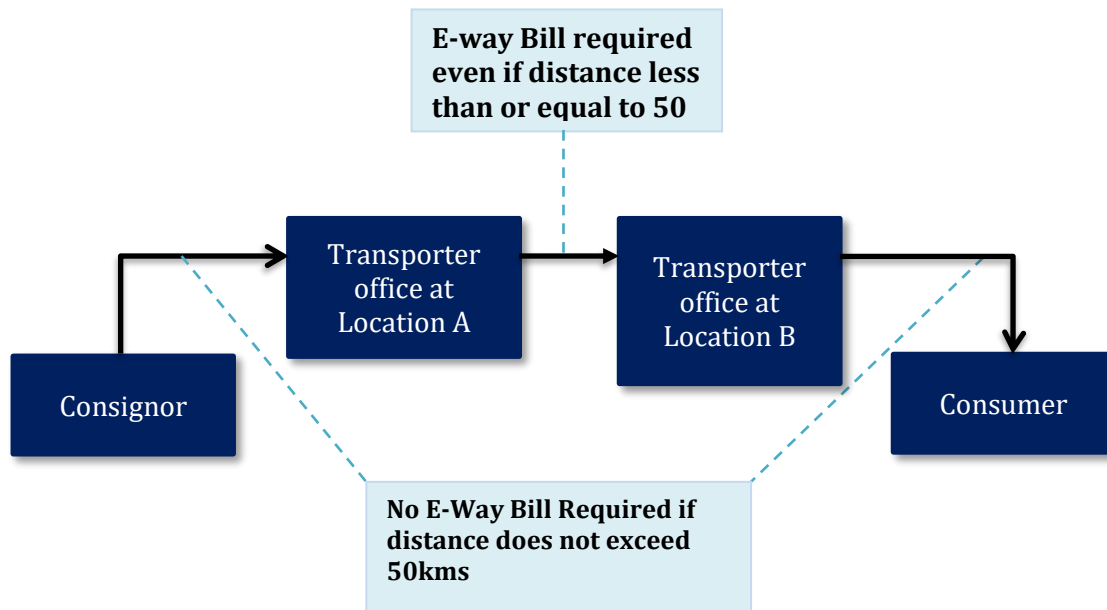
Provisions Regarding Short-Distance Transportation under Rule 138 of the CGST Rules

As per the 3rd proviso to Rule 138(3) of the CGST Rules, when goods are transported within a distance of up to **50 kilometres, from the place of business of the consignor to the place of business of the transporter** for further transportation within the same State or Union Territory, the obligation to provide the conveyance details in **Part B of FORM GST EWB-01** is exempted.

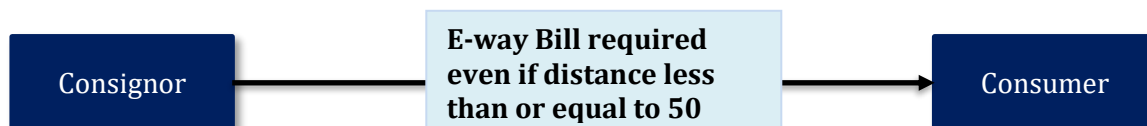
Furthermore, as per the **proviso to Rule 138(5)**, in instances where goods are transported for a distance of up to **50 kilometres within the same State or Union Territory, from the place of business of the transporter to the place of business of**

the consignee, the requirement to update the conveyance details in the e-way bill **may not** be necessary.

Scenario 1



Scenario 2



Special Scenarios Where It is Compulsory

Certain scenarios mandate the generation of an E-Way Bill even if the general conditions are not met. For instance, in the case of inter-state movement for job work, an E-Way Bill is required irrespective of the value of goods. Similarly, unregistered persons transporting handicraft goods across state lines must also generate it.

Another important provision is that of deemed acceptance, if a recipient does not either accept or reject the E-Way Bill **within 72 hours**, it is automatically treated as accepted in the system.

Rule 138(14): E-Way Bill Exemption for Jewellery and Precious Goods

Under the GST regime, **Rule 138(14)** of the **Central Goods and Services Tax (CGST) Rules, 2017** provides specific exemptions from the requirement of generating an E-Way Bill, even when the value of goods exceeds the specified value.

One of the key exemptions relevant to the **jewellery sector** is the movement of goods classified under **Chapter 71** of the **Customs Tariff Act, 1975**, which includes high-value items such as:

- Natural or cultured pearls
- Precious and semi-precious stones
- Precious metals (e.g., gold, silver, platinum)
- Articles of jewellery
- Goldsmiths' and silversmiths' wares

Notable Exception – HSN 7117

While most goods under Chapter 71 enjoy exemption from the requirement of generating an E-Way Bill, there is one important exception. As per **Notification No. 26/2022-Central Tax**, dated 26 December 2022, goods classified under HSN code 7117, which pertains to imitation jewellery, which were also earlier exempted are now specifically excluded from this exemption.

Accordingly, consignments of imitation **jewellery above specified value** are subject to the E-Way Bill provisions, and a valid E-Way Bill must be generated before the commencement of movement.

Rule 138F – Special E-Way Bill Requirement for Gold, Precious Stones, etc. (Inserted via: Notification No. 38/2023-Central Tax)

The provisions under **Rule 138F** come into effect only when specifically notified by the **State or Union Territory Commissioner** through local GST rules. Once applicable, an e-way bill is required where the consignment value exceeds **₹2 lakhs** (or such other threshold as prescribed by the State **not below rupees two lakhs**).

In such cases, **Part A of FORM GST EWB-01** must be completed before the commencement of movement, whether the movement is:

- In relation to a supply,
- For reasons other than supply (such as branch transfers), or
- An inward supply received from an unregistered person.

Unlike the regular provisions, **Part B (transporter details) is not required** under Rule 138F. Further, **e-commerce operators or courier agencies** may also file Part A on behalf of suppliers.

Another key feature is the **auto-linking of data**: the details furnished in Part A flow

directly into the supplier's **GSTR-1 return**, ensuring consistency between transport documentation and tax reporting. If any correction is needed, the e-way bill can be **cancelled within 24 hours**, provided it has not already been verified in transit.

Finally, the compliance requirements prescribed under **Rules 138A to 138E of the CGST Rules, 2017** which deal with the documentation, verification, interception, and detention procedures related to E-Way Bills **apply mutatis mutandis to Rule 138F**. This means that the **same procedural and compliance obligations** applicable to regular E-Way Bills (such as the requirement to carry relevant documents, production of EWB for verification, power of officers to intercept vehicles, and penalty provisions for non-compliance) **shall also extend to the special provisions under Rule 138F**.

In essence, Rule 138F does not operate independently but is **harmonized with the broader E-Way Bill framework**, ensuring uniformity, consistency, and enforcement parity across all categories of goods and modes of transport covered under the E-Way Bill system.

Advisory on E-Way Bill Requirement for Chapter 71 Goods

Issued by GSTN | Date: 06 Feb 2025

The GSTN has clarified that E-Way Bill generation is *not required* for goods falling under Chapter 71 of the Customs Tariff covering precious metals, stones, and jewellery except imitation jewellery (HSN 7117).

Although the portal earlier allowed voluntary E-Way Bills under “EWB for Gold,” this facility has now been withdrawn.

Practical Note :

During elections, movement of high-value goods like gold, silver, and jewellery faces strict scrutiny from enforcement agencies to curb unaccounted transactions. To avoid detention, jewellers usually keep complete documentation, including E-Way Bills, for added legitimacy. However, the “**EWB for Gold**” option was **withdrawn on February 6, 2025**, and stakeholders should **avoid generating EWBs** for such goods unless mandated by **state-specific notifications**.

Exception – Kerala

Kerala has introduced a mandate for the generation of e-way bills for the **intra-state movement** of goods classified under **Chapter 71** (including gold, silver, and precious stones), provided the **consignment value exceeds ₹10 lakh**, as per **Notification No. 10/2024–State Tax** dated **27th December 2024**, effective from **20th January 2025**. This makes Kerala an exception to the general relaxation provided for such goods in

other states.

However, it is important to note that **there is no requirement for generation of e-way bills for interstate supplies** of precious metals, stones, and jewellery except imitation jewellery (HSN 7117) as they continue to be exempt from generation of E-way bill under **Rule 138(14)** of the **CGST Rules, 2017**.

Author's Note:

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