

# ***Jewellery Transport Compliance Guide during Model Code of Conduct***



This presentation provides a comprehensive guide on the compliance and regulatory aspects of jewellery movement, particularly during election periods. It covers the seizures of precious metals, the role of the Central Board of Direct Taxes (CBDT) during elections, proper documentation for transport, and the importance of staying updated with notifications and cooperating with authorities.



# ***ELECTION EXPENDITURE***



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## **TYPES OF ELECTION EXPENDITURE**

Legal Expenditure [public meetings, posters, banners, vehicles etc.]

**CEILING**

Illegal expenditure [Distribution of money, gifts, liquor or any other item among electors with the purpose of influencing them]

**HAS TO BE STOPPED**



# ***EXPENDITURE MONITORING MACH***

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- ❑ Expenditure Observer (EO)
- ❑ Asst. Expenditure Observer (AEO)
- ❑ **Flying Squads and Static Surveillance Teams (FS and SST)**
- ❑ Video Surveillance Teams (VST)
- ❑ Video Viewing Team (VVT)
- ❑ Accounting Team
- ❑ Excise team
- ❑ Media Certification and Monitoring Committee (MCMC)

Source: Election Commission of India Website



# ***ROLE OF FLYING SQUAD***

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- ❑ Take action on complaint and report back
- ❑ **Gather and record evidence seize cash or other inducements**
- ❑ **Submit daily report of seizure etc.**
- ❑ Surround the place in case of storage of money



# Seizures in 2022 (Rs. in crore)

States	Cash	Liquor	Narcotics	Precious Metals	Freebies/ Other	Total (2022)	Total (2017)
Uttar Pradesh	103.56	62.13	48.48	<b>40.71</b>	94	348.88	193.29
Uttarakhand	4.37	4.75	5.39	<b>4.00</b>	0.3	18.81	6.85
Manipur	6.14	0.73	143.78	<b>12.17</b>	7.42	170.24	6.42
Punjab	33.79	36.79	376.19	<b>60.54</b>	3.6	510.91	89.64
Goa	6.66	3.57	1.28	<b>0.02</b>	1.2	12.73	3.64
<b>Total</b>	<b>154.52</b>	<b>107.97</b>	<b>575.12</b>	<b>117.44</b>	<b>106.52</b>	<b>1061.57</b>	<b>299.84</b>

Source: Election Commission of India Website



# *Seizures in last six general elections (Rs in crore)*

States	Cash	Liquor	Narcotics	Precious Metals	Freebies	Total (2022/23)	Total (2017)
Karnataka	153.17	84.93	24.03	<b>98.07</b>	24.26	384.46	83.93
Tripura	3.45	3.20	26.82	<b>3.41</b>	8.56	45.43	1.79
Nagaland	6.30	5.09	32.87	<b>0.00</b>	5.76	50.02	4.30
Meghalaya	8.71	2.62	33.25	<b>0.91</b>	28.69	74.18	1.16
Gujarat	31.92	16.40	540.63	<b>36.51</b>	176.39	801.35	27.21
Himachal Pradesh	20.61	19.13	1.23	<b>15.85</b>	0.42	57.24	9.03

Source: Election Commission of India Website

# Jewellery Movement and Seizures in Elections



## Seizures During 2022

Precious metals including jewellery worth Rs. 117.44 crores were seized during the year 2022.



## Seizures in Last Six General Elections

In the last six general elections, precious metals including jewellery worth Rs. 181.75 crores were seized



## Impact on Genuine Transactions

Many of the seizures during elections also included genuine transactions, causing inconvenience to businesses and individuals in the gems and jewellery sector



## Representation to Election Commissioner

All India Gems & Jewellery Council made a representation to the Election Commissioner highlighting the need for a Standard Operating Procedure (SOP) for the free movement of goods during the Model Code of Conduct (MCC)



## Issuance of Advisory

Based on the representation, an advisory was issued on 31st January 2024 outlining the details regarding the movement of jewellery during the MCC. This advisory aimed to facilitate smooth and lawful transportation of jewellery while ensuring compliance with the election rules

# Advisory issued by CBDT



F. No. 282/62/2013-IT (Inv. V)/ Pt XI / 91  
Govt. of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes

Room No. 218, Jeevan Tara Building  
Parliament Street, New Delhi  
31<sup>st</sup> January 2024

To,  
Sh. Saiyam Mehra, Chairman (GJC)  
All India Gem & Jewellery Domestic Council (GJC)  
Mumbai.

Respected Sir,

**Sub: Movement of gold (jewellery, ornaments etc.), bullion or other valuable articles during the period of Model Code of Conduct (MCC) -Reg.**

Kindly refer to your office letter No. GJC/CBDT/GOI-001/2023-24 dated 11.1.2024 relating to the above-captioned subject.

2. In this regard, the undersigned is directed to refer to the press release dated 1<sup>st</sup> December 2016 by CBDT (Copy enclosed) that clarifies extant provisions regarding the seizure of items and jewellery under the Income-tax Act 1961.
3. The undersigned is further directed to assure that, if the stock of gold (jewellery, ornaments etc.), bullion or other valuable articles, in transit, is accompanied with proper documentation such as an Original tax invoice, Certified stock summary, Authorisation letter by the owner of goods, Photo ID card by the carrier of goods etc. then there should be no apprehension of seizure of gold (jewellery, ornaments etc.), bullion or other valuable by the Income Tax Department during the period of MCC.
4. The undersigned is accordingly directed to request you to kindly issue an advisory to the members of your Council to ensure the movement of gold (jewellery, ornaments etc.), bullion or other valuable articles, with proper documentation to enable quick and smooth verification by the Income Tax Department and to avoid any inconvenience to them.

Yours faithfully,

Encl: As above

  
(Deepak Chaudhary)  
DCIT, OSD, Election Cell, CBDT



# Key Functions of CBDT During Elections

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## 1. Monitoring Election Expenditure

The CBDT, through its Income Tax Department, assists the Election Commission of India (ECI) in monitoring the election expenditure of candidates and political parties to ensure that it is within the prescribed limits and is sourced from legitimate means.

## 2. Setting Up Control Rooms

During elections, the CBDT sets up control rooms to monitor suspicious financial transactions and the movement of large sums of money. These control rooms coordinate with other enforcement agencies and the ECI to take appropriate action when necessary.

## 3. Assisting in Investigations

The CBDT assists the ECI and other law enforcement agencies in investigating cases of tax evasion.



# Key Functions of CBDT During Elections

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## 4. Curbing Use of Black Money

The CBDT actively works to curb the use of unaccounted money or black money in elections by conducting surveillance and raids on entities suspected of hoarding cash or other valuables intended for use in influencing electoral outcomes.

## 5. Providing Clarifications and Guidelines

The CBDT issues clarifications and guidelines to ensure that taxpayers comply with tax laws, including guidelines on the movement of cash, gold, and other valuables, as well as reporting requirements for financial transactions.

# Mandatory Documents for Transportation

## INVOICE



### Original Tax Invoice / Delivery Challan

Each jewellery shipment must have the original tax invoice / delivery challan detailing the specific as per Rule 46 or Rule 55 of the CGST Rules, 2017 as the case may be.



### Carrier Authorization

The driver or carrier must have an authorization letter from the owner, specifying the custody and the rationale for transport, ensuring that the responsibility is clearly defined.



### Certified Stock Summary

A stock summary, validated by an authorized person, provides a trail of the movement of goods, consolidating trust in the transparency of operations.



### Photo ID of the Carrier

All India Gems & Jewellery Council made a representation to the Election Commissioner highlighting the need for a Standard Operating Procedure (SOP) for the free movement of goods during the Model Code of Conduct (MCC)



### Advisory issued by CDBT

The driver or carrier should carry a copy of Advisory issued by CDBT dated 31.01.2024.

# Advisory issued by CBDT



F. No. 282/62/2013-IT (Inv. V)/ Pt XI / 91  
Govt. of India  
Ministry of Finance  
Department of Revenue  
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Yours faithfully,

Encl: As above

  
(Deepak Chaudhary)  
DCIT, OSD, Election Cell, CBDT



# DETAILS / DOCUMENTS TO BE ACCOMPANIED WITH ARTICLES OF JEWELLERY OR ARTEFACTS AT THE TIME OF MOVEMENT THEREOF

Sr. No.	Type of Movement	Documents required
1	Any	Self-attested copy of GST Registration Certificate
2.	Any	Authorization letter endorsing the staff or logistics company.
3.	Sale	GST Invoice as per Rule 46 of the CGST Rules, 2017
4.	Branch Transfer (Intra State)	Delivery challan as per Rule 55 of the CGST Rules 2017
5.	Branch Transfer (Inter State)	GST Invoice for Stock Transfer as per Rule 46 of the CGST Rules, 2017
6.	Goods sent on Approval	Delivery challan as per Rule 55 of the CGST Rules 2017
7.	Job work	Delivery challan as per Rule 55 of the CGST Rules 2017
8.	Goods sent for Exhibition	Delivery challan as per Rule 55 of the CGST Rules 2017
9.	Repairing or Alteration	Delivery challan as per Rule 55 of the CGST Rules 2017
10.	Goods sent for Hallmarking	Delivery challan as per Rule 55 of the CGST Rules 2017



# Declaration of Purpose

To mitigate misunderstandings during transport, particularly during high-alert periods like elections, always include a declaration on the documents clarifying the agenda behind the movement of jewellery goods.

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## No Political Affiliation

A clear statement that the jewellery is not linked to political entities assures authorities of the non-partisan nature of the transportation process.

**Items listed in this invoice/delivery challan are solely for commercial transactions. There is no political affiliation or intention to support any political entity or campaign associated with the movement of these goods.**

## Purpose Specification

Defining whether the jewellery is meant for sale, job work, or exhibition purposes provides clarity and can significantly smoothen passage through checkpoints.

# E Waybill Utilization

While not obligatory for the gems and jewellery sector, using an e-way bill during transport acts as a strong shield of documentation, adding another layer of validity to your operations.

- Even if exempt, generating an e-way bill is a recommended practice for inter-state transportation, proving foresight and diligence.

**Optional but Recommended**



- It demonstrates adherence to GST regulations, easing the transit through checkpoints.

**GST Compliance**



- As an additional document, the e-way bill can facilitate the quick resolution of any potential disputes regarding movement.

**Additional Proof**



# Photographic Evidence

Photographs of the items being shipped can serve as proof of condition prior to transit and help resolve any disputes should they arise upon arrival, adding a visual layer of security to the documentation process.

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- **Proof of Quality**

Photographic evidence can serve as an undeniable record of the quality and condition of jewellery items before they are shipped.

- **Detail Documentation**

Thorough photographs taken by a jeweller ensure all details are captured, establishing a pre-shipment baseline for each item.

- **Organized Records**

Keep a well-organized digital gallery or physical album of all jewellery photographs as a part of the shipment's transit record.



# Training and Awareness

Empower your carriers with knowledge and protocol in case of inspections. Well-informed can navigate through checks effectively, ensuring a seamless transport experience.

## 1 Document Training

Insist on thorough training regarding necessary transit documents, instilling the ability to display and articulate the legitimacy of their cargo confidently.

## 2 Rights Knowledge

Ensure a clear understanding of the carrier's legal rights, empowering them to react appropriately during any authority interactions.

## 3 Protocol Familiarity

Familiarize your personnel with process, equipping them to handle any checks with poise and precision.

# Staying Updated with Notifications

The regulatory landscape can change swiftly, especially in the context of elections. Staying informed with the latest advisories from relevant authorities helps you maintain compliance fluidly.

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## 1. Check Regular Updates

Maintain a routine check for any new notifications that may affect the transportation and hence the compliance stipulations.

## 2. Understand Changes

Interpret and incorporate any changes in regulations into your operations to prevent inadvertently breaching protocols.

## 3. Act Accurately

Take prompt action in line with updated guidance to ensure continued compliance and seamless movement of goods.



# Digital Over Cash Transactions

The use of digital payments over cash offers a traceable and transparent trail, imperative during election periods when transport scrutiny is at its peak. Adherence to this practice enhances your credibility and minimizes risk.

- **Digital Payments**

Digital or cheque payments promote transparency, offering a verifiable footprint that bolsters the honest intentions behind any movement of goods.

- **Minimize Risks**

Reducing cash transactions inherently decrease the risk of being misperceived as attempting to sway electoral outcomes.

- **Maintain Credibility**

Purvey an image of trust and legitimacy through clear financial practices, especially when under the heightened scrutiny of election periods.



# Cooperating with Authorities

Instances of inspection are inevitable during transportation of valuable goods. Cooperate fully, display the required documentation proactively, and articulate the purpose to ensure a frictionless process.

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## 1 Prepare Documentation

Gather all necessary documentation before beginning transport to enable smooth cooperation with authorities if stopped.

## 2 Clarify Intent

Clearly explain the purpose of the transport to demonstrate transparency and defuse any potential speculation.

## 3 Show Cooperation

A co-operative attitude can significantly influence the outcome of checkpoint inspections, leading to quicker resolutions.

# Keeping Essential Contacts Ready

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## Legal Advisors

Retain contact details of legal advisors to assist in addressing timely legal disputes or clarifications regarding the transit of goods.

## GJC Representation

Keep the GJC representatives' contact information close as they can provide speedy assistance and advocacy when required.

## Comprehensive Contact List

Maintain a list that includes legal, industry, and emergency contacts so assistance is never far away during your logistical operations.





## **Helpline Number for All India Gems & Jewellery Domestic Council (GJC)**

For urgent assistance or queries related to the gems and jewellery industry, please contact:

**Contact Person:** Mitesh Dhorda, Secretary

**Helpline Number:** +91 98204 10448

**Email:** [chairman@gjc.org.in](mailto:chairman@gjc.org.in)

**Alert:** Please have all relevant information or documents ready when seeking assistance to ensure a swift and effective response.



# cVIGIL APP

The cVIGIL app is an initiative by the Election Commission of India to empower citizens to report any violation of the Model Code of Conduct (MCC) during elections.

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- ❑ cVIGIL app can be particularly useful to jewellers if their goods are intercepted during the Model Code of Conduct.
- ❑ If a jeweller believes that the interception of their goods is unjust or is a result of a misunderstanding, they can use the cVIGIL app to report the incident.
- ❑ This can help in bringing the issue to the attention of the election authorities, who can then take appropriate action to resolve the matter.
- ❑ In case of any harassment or unwarranted interception, use the cVIGIL app to report the incident directly to the Election Commission for prompt redressal



# Compliance with Income Tax Regulations

Letter issued by CBDT to GJC speaks about INSTRUCTION NO. 1916/1994 dated 11.05.1994.

Carrying quantities of gold or jewellery beyond specific limits can lead to stringent checks. Complying with these limits is not just good practice but a legal necessity.

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Profile	Gold Limit	Documentation for Excess
Married Woman	Up to 500 grams	Purchase invoices or inheritance documents
Unmarried Woman	Up to 250 grams	Purchase invoices or inheritance documents
Male Member	Up to 100 grams	Purchase invoices or inheritance documents

# Press Note from Income Tax Department

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Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Direct Taxes

New Delhi, 01 December, 2016.

PRESS RELEASE

Sub: Clarifications with respect to Gold Jewellery under Income Tax Law

In order to remove any doubt about the current position of Income Tax Law with respect to gold jewellery, the following points are categorically clarified:

- There is no limit on holding of gold jewellery or ornaments by anybody provided it is acquired from explained sources of income including inheritance
- Vide circular dated 11.5.1994, instructions have been issued in the matter of search and seizure of gold jewellery.
- Jewellery and ornaments to the extent of 500 gms for married lady, 250 gms. for unmarried lady and 100 gm for male member will not be seized, even if prima facie, it does not seem to be matching with the income record of the assessee.
- Officer conducting search has discretion not to seize even higher quantity of gold jewellery based on factors including family customs and traditions.

  
(Meenakshi J. Goewami)  
Commissioner of Income Tax  
(Media and Technical Policy)  
Official Spokesperson, CBDT.

# Documenting Gold Sources

For quantities of gold exceeding the prescribed limits, it is critical to have robust documentation tracing back to legitimate sources, be it purchases or inheritance.

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## Traceable History

Ensure all gold has a clear and traceable purchase or inheritance history to substantiate the legality of possession during transport.

## Detailed Invoices

All purchases should be accompanied by detailed invoices which include specifics like date, vendor details, and pricing.

## Inheritance Proof

For inherited gold, legal heir certificates and will documentation may be required to affirm rightful ownership.





# Word of Caution

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- The information in this presentation is for general informational purposes only.
- No representations or warranties, express or implied, are made regarding the completeness, accuracy, reliability, suitability, or availability of the information.
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*Thank You!*

