Pricing a Piece in Your Gold Shop

What the price of a piece is made of, and what your margin really is.

1 The pricing formula

1. Gold cost = weight × cost per gram (your buy price).
2. Wastage (grams) = weight × wastage %; its cost = wastage × cost per gram. Wastage is gold lost while the piece is made.
3. Margin = gold cost × margin %.
4. Making charge revenue = weight × making charge per gram.
5. VAT of 14% on the making charge revenue **only**.
6. Price before VAT = gold + wastage + making + margin. After VAT = before + VAT. Selling price = ROUND(price ÷ step) × step (EGP 10 in the example).

Wastage, making charge and margin are your decisions: the sheet does not suggest a figure. The figures in the example are assumptions.

2 Worked example Example

Item	Calculation	EGP
Gold cost	10 g × 6,160.25 (21K, 3 Nov 2026)	61,602.50
Wastage cost	2% × 10 = 0.2 g × 6,160.25	1,232.05
Making charge	10 g × 100	1,000.00
Margin	1% × 61,602.50	616.03
Price before VAT	gold + wastage + making + margin	64,450.58
VAT 14%	1,000.00 × 14%	140.00
Price after VAT		64,590.58
Selling price (nearest 10)	**price per gram = 6,459.06**	**64,590**

Example 10 g 21K chain: wastage 2%, making 100 per gram, margin 1%: assumptions to show the method. Margin in EGP (after wastage and VAT) = 1,615.45.

3 Pricing table: the two grey rows are an example

Piece	Karat	Weight	Gold cost	Wastage %	Making per g	Margin %	Before VAT	VAT	Selling price
Example 10 g 21K chain	21K	10	61,602.50	2%	100	1%	64,450.58	140.00	64,590
Example 4 g 18K ring	18K	4	21,036.00	3%	150	1%	22,477.44	84.00	22,560

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