

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
UNSTARRED QUESTION NO. 3105
ANSWERED ON 23.03.2021

Cryptocurrency Bill

3105. Smt. Priyanka Chaturvedi:

Will the Minister of Finance be pleased to state:-

- (a) whether Government is planning to ban cryptocurrency in India;
- (b) whether the description of the Cryptocurrency Bill in the legislative agenda for the Budget Session cover this;
- (c) whether Government is currently collecting income tax on cryptocurrency earnings of Indians, if so, the details of the income tax collected by Government from cryptocurrency since 2016-17 to 2019-20; and
- (d) whether Government collects GST from cryptocurrency exchanges in India, if so, the details of the GST collected by Government from cryptocurrency since 2016-17 to 2019-20?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) & (b): It was announced in the Budget Speech for 2018-19 that “The Government does not consider crypto-currencies legal tender or coin and will take all measures to eliminate use of these crypto-assets in financing illegitimate activities or as part of the payment system. The Government will explore use of block chain technology proactively for ushering in digital economy.” A high level Inter-Ministerial Committee (IMC) constituted under the Chairmanship of Secretary (Economics Affairs) to study the issues related to virtual currencies (VCs) and propose specific actions to be taken in this matter recommended in its report that all private crypto currencies, except any cryptocurrency issued by the State, be prohibited in India. The Government would take a decision on the recommendation of the IMC and the legislative proposal, if any, would be introduced in the Parliament following due process.

(c): Irrespective of the nature of business, the extant statutory provisions on scope of total income for taxation as per section 5 of the Income-tax Act, 1961 envisage that total income shall include all income from whatever source derived, the legality of income thus being of no consequence. The gains arising from the transfer of crypto currencies/assets is liable to tax under a head of income, depending upto the nature of holding of the same. No data is maintained on cryptocurrency earnings of Indians as there is no provision in the Income tax return to capture data on earnings arising from crypto currencies/assets.

(d): Supply of any service, if not specifically exempted, is taxable under GST and no service related to cryptocurrency exchange has been exempted. Further, Service Accounting Code (SAC) are headings containing broadly a number of economic activities and there being no specific SAC for cryptocurrencies, the GST collections specific to cryptocurrencies are not available.
