The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)

Gandhidham Branch of WIRC of ICAI

E-NEWSLETTER
DECEMBER - 2017

CHAIRMAN'S MESSAGE

"Strength does not come from winning. Your struggles develop your strengths. When you go through hardships and decide not to surrender, that is strength."
– Arnold Schwarzenegger

MANAGING COMMITTEE

CA KARTIK VARAIYA Chairman	- 9825071722
CA ANIMESH MODI Vice Chairman	- 909937733
CA RAJENDRA SHAH Secretary	- 9426731560
CA KARAN THACKER Treasurer	- 9979878590
CA JYOTI HARSH Member	- 9825351565
CA RAJIV SINGH Past Chairman	- 9879841029

Dear Members,

Mahatma Gandhi said something similar: "Strength does not come from physical capacity. It comes from an indomitable will." Your self-efficacy increases when you achieve successes, but it becomes much more firmly established when it's built on successes that required you to overcome obstacles through persistence. If you only experience easy successes, you'll come to expect quick results with little to no effort. Consequently, you'll get easily discouraged when you face setbacks. On the other hand, when you've already experienced successes after pushing through numerous obstacles, you'll be more resilient and capable of dealing with challenges.

I take this opportunity to welcome the onset of winter. December not only reminds us of New Year Celebrations but also about the change as a way of life. Let's keep in tune with changing times in professional realms too. 2017 was truly landmark and historical year. The year has witnessed the introduction of single indirect taxation system replacing more than 15 different taxes.

In the month of November, Gandhidham Branch has organized two days conference on Direct Taxes, GST and RERA. The program was inaugurated by Additional Commissioner of Income Tax – Gandhidham Range Shri Lalit P. Jain and Joint Commissioner – GST, Gandhidham Shri Ranjan Prakash. The audience was enthralled by expert speakers in the various fields which included Adv. Kapil Goel, CA V. Raghuraman, CA Rajiv Luthia, Sameer Maniar & CA Arpit Jain.

Gandhidham Branch has conducted career counseling seminar on 10th November, 2017 as a part of celebration of "World Accountancy Day" at Tolani Commerce College. Seminar was conducted to provide basic information of CA Course and new syllabus. More than 200 students have attended the seminar.

In the month of December, Gandhidham Branch has designed an Unique Industrial visit for members at Agriculture Farm to understand the future of Agriculture sector in India and in Kutch specifically along with knowledge sharing seminar on available Government Subsidies in Farming Sector. To welcome 2018 as New Year, we have planned New Year Eve on 30th December, 2017. Branch has also planned Industrial visit for students to TUNA Port on 17th December, 2017.

With the end of year, I would like to wish all Members and Students a Merry Christmas and a Happy New Year 2018 with these words :

नए वर्ष में नई पहल हो।
कठिन ज़िंदगी और सरल हो।।
अनसुलझी जो रही पहेली।
अब शायद उसका भी हल हो।।
जो चलता है वक्त देखकर।
आगे जाकर वही सफल हो।।
नए वर्ष का उगता सूरज।
सबके लिए सुनहरा पल हो।।

With warm regards

CA Kartik Varaiya
Chairman,
Gandhidham Branch of WIRC of ICAI

Press Information Bureau
Government of India
Ministry of Finance
29-November-2017 12:07 IST

Exporters advised to file Table 6A and GSTR 3B for processing of IGST Refund and for Refund of the unutilized Input Tax Credit :

Errors by exporters while filing their returns are the sole reason for delay in grant of refunds or rejection thereof :

The Government of India has taken various measures to alleviate difficulty and is fully committed to provide Speedy disbursal of Refunds due to exporters.

The Government of India is seized of the issue of Exporters complaining about delay in grant of refunds pertaining to Integrated Goods and Services Tax (IGST) paid on goods exported out of India and similarly Input Tax credit (ITC) on exports. Media reports with incorrect estimations of refund amounts held-up for the period July to October 2017 have been noticed. It is clarified that the quantum of IGST refund claims as filed through Shipping Bills during the period July to October 2017, is approximately Rs. 6,500 crore and the quantum of refund of unutilized credit on inputs or input services, as per the RFD 01A applications filed on GSTN portal, is to the tune of Rs. 30 crore.

Refund of IGST:

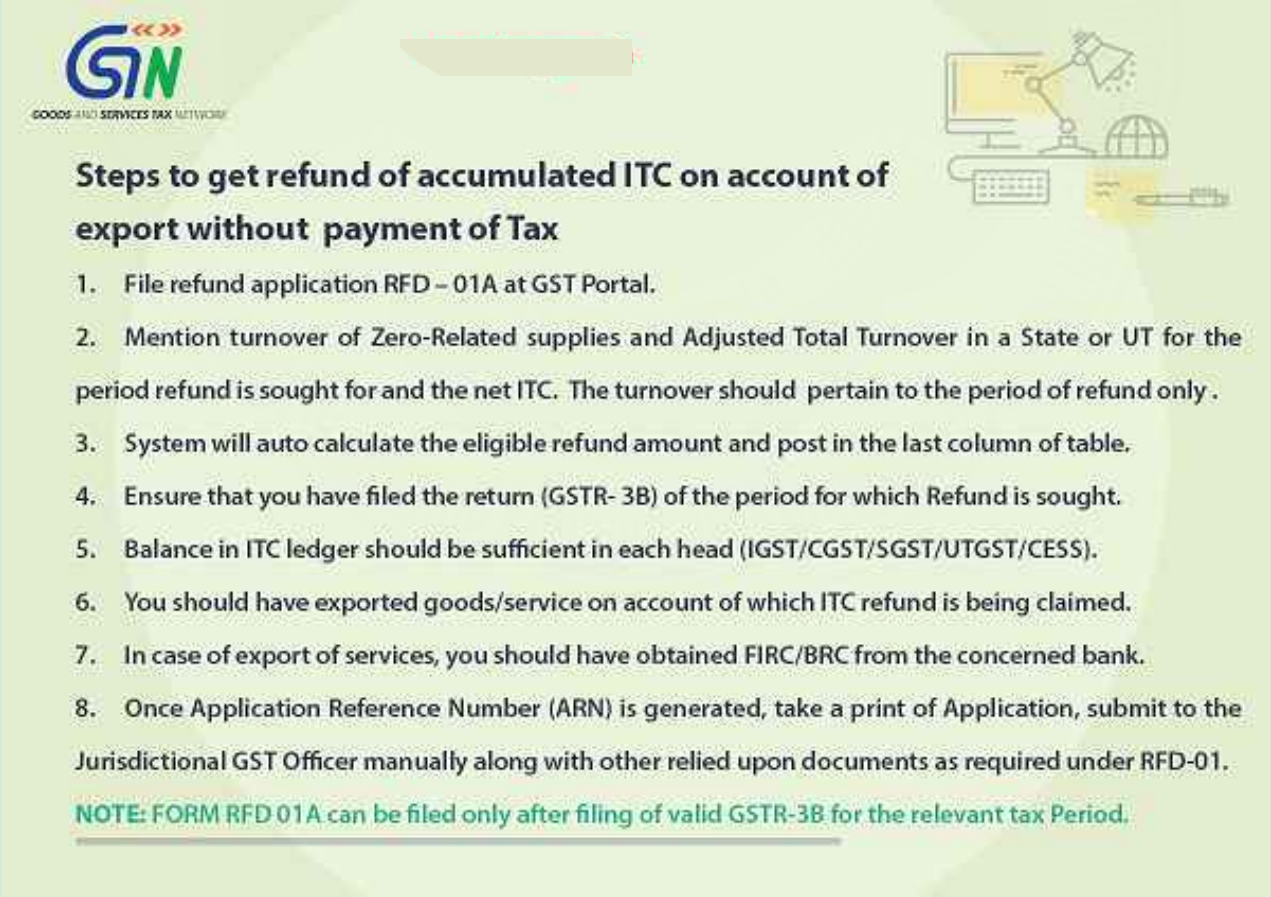
With regard to IGST paid on goods exported out of India, majority of refund claims for exports made in July, 2017, wherever due, have been sanctioned. Refund claims of IGST paid for exports made in August, September and October 2017 are being sanctioned seamlessly wherever returns have been accurately filed. The prerequisites for sanction of refund of IGST paid are filing of GSTR 3 B and table 6A of GSTR 1 on the GSTN portal and Shipping Bill(s) on Customs EDI System by the exporter. It is essential that exporters should ensure that there is no discrepancy in the information furnished in Table 6A of GSTR 1 and the Shipping Bill. It has been observed that certain common errors such as incorrect Shipping Bill number in GSTR1, mis-match of invoice number and IGST amount paid, wrong bank account etc. are being committed by exporters while filing their returns. These errors are the sole reason for delay in grant of refunds, or rejection thereof. While information has been made available to Exporters on the ICEGATE portal if they are registered, they may also contact jurisdictional Customs authorities to check the errors they have committed in furnishing information in GST returns and Shipping Bill, and rectify them at the earliest.

As the Customs System is designed to automatically grant refunds without involvement of any officer by matching information that is furnished on GSTN portaland Customs system, the onus is on the exporters to fill in all the details accurately. Exporters may,therefore, take due precaution to ensure that no errors creep in while filing Table 6A of GSTR 1 of August 2017 and onwards. The facility for filing GSTR 1 for August 2017 would also be ready by 4th December 2017. In case of wrong entries made in July, Table 9 of GSTR 1 of August month would allow amendments to GSTR 1 of July 2017.

Refund of Input Tax Credit:

As far as refund of the unutilized Input Tax Credit on inputs or input services used in making exports is concerned, exporters shall file an application in FORM GST RFD- 01A on the Common Portal where the amount claimed as refund shall get debited from the Electronic Credit Ledger of the exporter to the extent of the claim. Thereafter, a proof of debit (ARN- Acknowledgement Receipt Number) shall be generated on the GSTN portal, which is to be mentioned on the print-out of the FORM GST RFD-01A and to be submitted manually to the jurisdictional officer. The exporters may ensure that all the necessary documentary evidences are submitted along with the Form GST RFD 01A for timely sanction of refund.

Exporters are, therefore, advised to immediately file (a) Table 6A and GSTR 3B, if not already done, for processing of IGST refund (b) RFD 01A on GSTN portal for refund of the unutilized input tax credit on inputs or input services used in making exports and (c) GSTR 1 for August 2017 for amending details provided in July GSTR1 wherever required. The Government has taken various measures to alleviate the difficulty and is fully committed to provide speedy disbursal of refunds due to exporters.



F.No. 225/363/2017-ITA.II
Government of India
Ministry of Finance
Department of Revenue (CBDT)
North Block, N.Delhi, dated the 15th November, 2017

To

All Principal Chief-Commissioners of Income-tax/All Principal Directors-General of Income-tax

Sir/Madam,

Subject : **SoP for issue of notice u/s 142(1) of Income-tax Act in cases related to substantial cash deposit during the demonetisation period -regd.**

On the basis of data analytics and information gathered during the first phase of online verification under 'Operation Clean Money', a list of assessees who had deposited substantial Cash in bank account(s) during the demonetisation period (8th November, 2016 to 30th December, 2016) but have not yet filed Income-tax return for Assessment Year 2017-2018 till date has been generated for further follow up action by the Income-tax Department.

(2) The list of such Non-Filers of income-tax returns is being made available in a phased manner to the jurisdictional income-tax authorities in AIMS module of ITBA under "Notice u/s 142(1) for AY 2017-18".

(3) These cases would be handled as per the following Standard Operating Procedure (`Sop'):

(i) While Government PANs (using 4th character) have not been flagged in the list, it is possible that a particular PAN might pertain to an entity which is not obliged to file the return (e.g. CSD Canteens, Army Hospitals etc.). Such cases should be marked as "No Return Required" by using the functionality provided in AIMS module of ITBA by the concerned Assessing Officer.

(ii) Thereafter, in remaining cases under "Notice u/s 142(1) for AY 2017-18", the jurisdictional Assessing Officer shall issue notice u/s 142(1) of the Income-tax Act, 1961 ('Act') to the concerned assessees for filing return of income for Assessment Year 2017-2018.

(iii) To facilitate service of notice, information regarding addresses in PAN database and earlier ITRs is available in ITBA portal.

(iv) The notice should be generated through the ITBA System only.

(v) Notice u/s 142(1) shall be issued electronically as well as through postal authorities. The evidence of service of notice as well as postal remarks (in case of return of notice) should be preserved carefully. Where notice could not be served either electronically or through the postal authorities, then, personal service through departmental ITIs/Notice-servers should be made.

(vi) In cases where difficulties are faced in service of 142(1) notice, IIIs may make local enquiries to trace the concerned assessee and serve the notice upon him. As a final alternative, as far as possible, notice by affixation with due procedure should also be done. In all cases of affixture, information should be captured in the system by selecting the appropriate option in ITBA. However, where notice could not be served even by by affixture because of fictitious/non-existent address, this information should also be captured in the system against the appropriate option available in ITBA.

(4) All information regarding date(s) of service of notice u/s 142(1) upon the addressee has to be captured using the functionality provided in ITBA for this purpose. The process of service of notice under section 142(1) should be completed by 31st December, 2017.

(Ankita Pandey)

Under Secretary-ITA.II, CBDT

Copy to:-

1. Chairman, CBDT & All Members, CBDT

2. JCIT (Database Cell) for uploading on departmental website

F. No. 370149/213/2017 -TPL
Government of India Ministry of Finance
Department of Revenue
(Central Board of Direct Taxes)
*****

Circular No. 27/2017

New Delhi, Dated 3rd November, 2017

Clarification on Cash sale of agricultural produce by cultivatorslagriculturist

Representations have been received from the stakeholders . regarding applicability of income-tax provision to cash sale of agricultural produce by cultivators/agriculturists to traders.

2. In this context, it is stated that the provisions of section 40A (3) of the Income-tax Act, 1961 ('the Act') provides for the disallowances of expenditure exceeding Rs. 10000 made otherwise than by an account payee cheque/draft or use of electronic clearing system through a bank account. However, rule 6DD of the Income-tax Rules, 1962 ('IT Rules') carves out certain exceptions from application of the provisions of section 40A (3) in some specific cases and circumstances, which *inter alia* include payments made for purchase of agricultural produce to the cultivators of such produce. Therefore, no disallowance under section 40A (3) of the Act can be made if the trader makes cash purchases of agricultural produce from the cultivator.

3. Further, section 269ST, subject to certain cxceptions, prohibits receipt of Rs. 2 lakh or more otherwise than by an account payee cheque/draft or by use of electronic clearing system through a bank account from a person in a day or in respect of a single transaction or in respect of transactions relating to an event or occasion from a person. Therefore, any cash sale of an amount of Rs. 2 lakh or more by a cultivator of agricultural produce is prohibited under section 269ST of the Act.

4. Further also the provisions relating to quoting of PAN or furnishing of Form No.60 under rule 114B of the IT Rules do not apply to the sale transaction of Rs. 2 Lakh or less.

5. In view of the. above, it is clarified that cash sale of the agricultural produce by its cultivator to the trader for an amount less than Rs 2 Lakh will not:-

a) result in any disallowance of expenditure under section 40A (3) of the Act in the case of trader.
b) attract prohibition under section 269ST of the Act in the case of the cultivator; and
c) require the cultivator to quote his PAN/ or furnish Form No.60.

(Dr. T.S. Mapwal)
Under Secretary to the Government of India

Copy to :-
1. PS to FM/ OSD to FM/ OSD to MoS(R).
2. PS to Secretary (Revenue).
3. The Chairperson, Members and all other officers in CBDT of the rank of Under Secretary and above.
4. All Pro Chief Commissioners/ Pr. Director General of Income-tax - with a request to circulate amongst all officers in their regions/ charges.
5. Pr. DGIT (Systems)/ Pr. DGIT (Vigilance)/ Pr. DGIT (Admn.)/ Pr. DG (NADT)/ Pro DGIT (L&R).
6. CIT (M&TP), CBDT.
7. Web manager for posting on the departmental website.

Legal Update

1] Anita Ajay Shad vs. Income Tax Officer [18th September 2017]

Issue :

Exemption u/s. 54 held to be allowable to assessee for investing capital gains in new residential property, though the investment is done within the extended time limit of return u/s 139(4) and not before the due date of 139(1).

Held :

For AY 11-12, the assessee earned LTCG of 35.23 lakh on sale of property which was jointly held by assessee with husband, for a total consideration of R1.15 Cr. The assessee claimed that sale consideration attributable to her was 50% of beneficial ownership in co-ownership property held together with husband. The assessee claimed exemption on LTCG of u/s 54 on the ground that she had jointly purchased another new residential house on 30/03/2013 for a consideration of R35 lakh. Entire LTCG was deployed towards purchases of new residential house and the LTCG was thus computed at 'NIL' by the assessee and the return was filed on 25.08.2011. The due date of filing of return u/s 139(1) was 31.07.2017. The AO observed that full amount was not invested before the date of filing of return of income u/s. 139(1). The AO further observed that the assessee had not acquired the new property before filing of return of income. On appeal, CIT(A) granted partial claim of exemption to assessee u/s. 54.

Aggrieved assessee filed an appeal before Ahmedabad ITAT.
ITAT analysed Section 54, and noted that Section 54(2) enjoins that the capital gain is required to be appropriated by the assessee towards purchase of new asset before furnishing of return of income u/s. 139 of the Act. Further time limit under Section 139(1) has been specified for deposit in the capital gain account scheme. ITAT noted that the distinction between the two different form of expression of time limit can yield different results. Section 139 encompasses both Section 139(1) and Section 139(4) of the Act. This distinction assumes significance for interpretation of beneficial provision.

ITAT observed that a beneficial view may be taken to say that section 139 being omnibus would also cover extended time limit provided under Section 139(4) of the Act. Thus, when an assessee furnishes return subsequent to due date of filing return under Section 139(1) but within the extended time limit under Section 139(4), the benefit of investment made upto the date of furnishing return of income under Section 139(4) cannot be denied on such beneficial construction. However, any investment made after the furnishing of return of income but before extended date available u/s 139(4) would not receive beneficial construction in view of unambiguous and express provision of Section 54(2).

With respect to the remaining payments towards the new property which were made after the return was furnished u/s. 139(4), ITAT held that once the return had been furnished, the subsequent payments made towards purchase, though within Section 139(4) due date extension, would not be eligible for exemption unless the same was first deposited in capital gain account scheme and utilised therefrom.

Thus, ITAT remanded this issue back to the AO for the limited purpose of verification of extent of claim made by other joint-owner on payment towards purchase made out of joint Bank account.

Hence, ITAT partly ruled in the favour of the assessee.

2] Commissioner of Income Tax vs. Chet Ram (HUF) [12th September 2017]

Issue :

Enhanced compensation alongwith interest thereon received by assessee-HUF pursuant to HC's interim order in pending appeals relating to land acquisition matter, is taxable in the year of receipt.

Held :

The issue before SC for consideration was whether the respondents-assessees who have received some amount of enhanced compensation as also interest thereon under an interim order passed by the High Court in pending appeals relating to land acquisition matter, are liable to be assessed for income tax in the year in which it is received. Revenue took stand that assessee was liable to pay tax for the impugned compensation. The ITAT as well HC, both ruled in favour of assessee. Aggrieved, Revenue filed present appeal before SC.

Before SC, Revenue relied on SC ruling for Ghanshyam (HUF) [(2009) 8 SCC 412] wherein the provisions of Section 45(5) of the Income-tax Act, 1961 were considered and this Court in paragraphs 53 to 56 has held that in view of the Amendment in the Income-tax Act, the person who has received enhanced compensation and interest thereon even by an interim order passed by the Court would be assessed to tax for that enhanced compensation.

SC observed the Ghanshyam (HUF) ruling (supra) wherein the scheme of Section 45 (5) of the 1961 Act was inserted w.e.f. 1-4-1988 as an overriding provision. As stated above, compensation under the LA Act, 1894, arises and is payable in multiple stages which does not happen in cases of transfers by sale, etc. Hence, the legislature had to step in and say that as and when the assessee claimant is in receipt of enhanced compensation it shall be treated as “deemed income” and taxed on receipt basis. It was also held that even before the insertion of Section 45(5)(c) and Section 155(16) w.e.f. 1-4-2004, the receipt of enhanced compensation under Section 45(5)(b) was taxable in the year of receipt which is only reinforced by insertion of clause (c) because the right to receive payment under the 1894 Act is not in doubt.

Thus, ruling in favour of Revenue, SC set aside the ITAT order and HC order, and held that assessees were liable to pay tax on the enhanced amount of compensation and interest received by them during the relevant year.

BITCOINS - TAXATION AND OTHER RELATED ISSUES

Compiled by: CA Girish Agarwal

1. What are Crypto Currencies?

Crypto Currencies are decentralized virtual or digital currencies which are neither issued by any Central Bank nor are backed up by any Government. These currencies are quite popular because they provide secure and anonymous way of remittance of money and entering into a transaction. In other words, these currencies are as good as fiat currencies (i.e., legal tenders issued by the Govt. of any Country) and are acceptable as a mode of payment by some entities. By September 2017, over a thousand crypto currencies were found to exist.

2. What is a Bitcoin?

Bitcoin is a type of Crypto Currency that was created in 2009 by an unknown person using the alias, Satoshi Nakamoto. New Bitcoins are generated by a competitive and decentralized process called as 'Mining'. In this mining process, individuals process the transactions and secure the network by using specialized hardware and in exchange they are awarded new Bitcoins.

3. Is trading in Bitcoin legal?

The RBI has neither declared the crypto currencies as illegal not it has accepted these as legal tenders. Further, RBI has clarified that it has not given any licence or authorisation to any entities to operate such schemes or deal with Bitcoins or any virtual currency. RBI has rather cautioned people about the risks associated with virtual currencies.

4. Whether Bitcoin is a currency?

In common parlance, a currency means anything which is used as a circulating medium and is generally accepted in trade circles as a representative of value of property.

The term "Currency" has also been defined inclusively in the FEMA Act, 1999. It includes currency notes, postal notes, postal orders, money orders, cheques, drafts, travellers cheques, letters of credit, bills of exchange and promissory notes, credit cards or such other similar instruments, as may be notified by the RBI.

As various entities accept Bitcoins as a mode of payment, it seems that Bitcoin is a currency. However, there is another school of thought that thinks since it has not been termed as currency in FEMA Act or as legal tender by the RBI, it may not qualify as currency.

Whether a Bitcoin would be classified as currency or not would be a matter of dispute and arguments until RBI clears its stand on it. If RBI declares that Bitcoin is a currency, any trading in it would be subject to FEMA Regulations.

5. Whether nature of gain derived from sale of Bitcoins is Capital Gain or Business Income?

In view of Section 2(14) of the Income-tax, Act 1961, a capital asset means a property of any kind held by a person, whether or not connected with his business or profession. The term 'property', though has no statutory meaning, yet it signifies every possible interest which a person can acquire, hold or enjoy.

Therefore, Bitcoins could be deemed as capital assets if they are purchased for the purpose of investments by the taxpayers. Therefore, any gain arising on transfer of a Bitcoin shall be taxable as capital gains.

However, if the transactions in bitcoins are substantial and frequent, it could be held that the taxpayer is trading in bitcoins. In this case, income from sale of Bitcoins would be taxable as business income.

6. How to compute capital gains from sale of Bitcoins?

If gains arising from transfer of Bitcoins are treated as capital gains, their further classification in to short-term or long-term gain would depend upon the period of holding of Bitcoins.

If a Bitcoin is held for more than 36 months from the date of purchase, it will be considered as long-term capital asset, otherwise a short-term capital asset.

Short-term capital gains are taxable as per the slab rates applicable to a taxpayer. And long-term capital gains are taxed at the flat rate of 20% with the benefit of indexation.

7. Whether Bitcoins earned during 'Mining' process are also taxable?

If profits earned from Bitcoins are taxable as business income, then the Bitcoins earned in the 'mining' process are also taxable as business profits. However, if Bitcoins are classified as capital assets, the virtual currency earned from Bitcoin 'Mining' may not be charged to tax.

Bitcoins generated during the 'mining' process are classifiable as self-generated capital assets. Since, the cost of acquisition of such Bitcoins is not available, the taxpayer can take the benefit of judgment of the Supreme Court in the case of *B.C. Srinivasa Setty [1981] 5 Taxman 1 (SC)*. In this case it was held that if cost of acquisition of an asset cannot be ascertained, the machinery provision for computation of capital gains will fail, therefore, no capital gains can be levied on transfer of such assets. Therefore, Bitcoins generated in the 'mining' process may be exempt from tax.

8. Where are the Bitcoins are deemed to be situated for Income-tax purposes?

Bitcoins are intangible assets. For Income-tax purposes, situs of an intangible asset may vary according to their nature and obligations attached with them. Situs of intangible properties is well decided on the basis of law of the land where the protection to the property is sought.

Situs of an intangible can be linked with such tangible properties with which they are most closely connected. For example, a copyright has nexus with the book or other work in respect of which copyright is sought for. The patents are associated with plant and machinery; a trademark or brand name is associated with goods.

Thus, Situs of Bitcoin can be linked with the country where its operating server is located.

9. Whether sale of Bitcoin by a Non-resident through Indian Bitcoin Exchange would be charged to tax in India?

Situs of a property plays an important role in determining the taxability of capital gains arising from sale of that property. Since Bitcoin is an intangible asset, income accruing or arising from its transfer outside India by a person who is not a resident in India cannot be taxed in India. Hence, Sale of Bitcoins by a Non-Resident through an Indian Bitcoin exchange may not be charged to tax.

10. Whether Bitcoin is Goods or service?

If Bitcoins are classified as currencies, then it will be considered as 'Money' in CGST Act and no GST could be charged on its trading. However, exchange of a Bitcoin to Indian Rupees(INR) might be considered as service for the purpose of levy of GST under the category of 'Financial Services'.

In this situation, if the supplier charges any commission for providing of an exchange services, the GST shall be payable at the rate of 18% on the amount of commission. If no consideration is being charged for the services, the supplier shall be liable to pay GST at the rate of 18% on the 1% of gross amount of INR paid by the recipient for such services of exchage.

There is a conflicting view also. If Bitcoin is not considered as currency, any trading in Bitcoin would be considered as 'Service'. Therefore, supplier (who is selling the Bitcoin) might be required to pay GST at the rate of 18% on the total value charged by him from the buyer of Bitcoin.

11. What is the taxability on Bitcoins' Mining' under GST?

In Bitcoin 'mining' process, the individuals process the transactions and secure the network by using specialized hardware and in exchange they are awarded new Bitcoins.

In other words, Bitcoin is a consideration awarded to the individuals in lieu of their services to secure the Bitcoin Network. Therefore, the Bitcoin 'miners' might be required to pay the GST on the fair market value of the Bitcoin at the rate of 18%.

12. Whether Govt. of India can legislate to control Bitcoins?

As per the Constitution of India, 1950 (Entry 36 and 46 of List I of the Seventh Schedule) states that the Central Government is allowed to legislate in respect of currency, coinage, legal tender, foreign exchange and bills of exchange, cheques, promissory notes and other like instruments respectively. Therefore, if RBI states that a Bitcoin is a currency then the Govt. of India can legislate to control the trading of Bitcoin.

13. Whether Bitcoin is a Pre-Paid Instrument?

Banks are authorized to issue three kinds of pre-paid payment instruments:

A. Closed System Payment Instruments

B. Semi-closed System Payment Instruments

C. Open System Payment Instruments.

While, NBFCs and other persons have been authorized to issue only Semi-closed System Payment Instruments (like e-wallets).

This means that the issuer of a pre-payment instrument must either be a bank, NBFC or a 'person'. Therefore, Bitcoin issued by the software cannot be classified as pre-paid instruments since a server or software cannot be termed as a 'person'.

Further, a pre-paid instrument has pre-determined and absolute value, whereas the value of a Bitcoin is determined by market speculation, which can either be less or more than its previous original purchase value. Therefore, it cannot be said that the value stored in the Bitcoin represents the value paid by the holders. Hence, it cannot be considered as a prepaid instrument.

14. Is it possible to receive export proceeds in Bitcoins?

Cross border transactions which involve money consideration shall attract the provisions of FEMA and Rules made there under. FEMA Regulations prescribe that the export proceeds should be received in India only in any of the notified foreign currencies (i.e., USD, Pound, Euro, etc.)

Unless there is a clear directions from the RBI with regard to legality of Bitcoin or recognition of Bitcoin as a foreign currency, it is not possible to receive payment in Bitcoins to settle the export outstanding.

15. Is it possible to pay for imports in Bitcoins?

The FEMA Regulations prescribe that payment for imports should be made in foreign currency only. Unless there is a clear directions from the RBI with regard to legality of Bitcoin or recognition of Bitcoin as foreign currency, it is not possible to make payment in Bitcoin for imports.

16. Whether trading in Bitcoin falls under current account transaction under FEMA?

The current account transaction includes all transactions which are not capital in nature, *inter-alia*, remittance for import of goods or services or remittance for personal purposes, etc. The question whether dealing in Bitcoin is a current account transaction or not wholly depends on whether Bitcoin is a 'good' or an 'asset. If it is not a good, then foreign transactions in Bitcoin shall be treated as capital account transactions and any dealing in Bitcoin would require prior approval from the RBI.


TWO DAYS MEGA PROGRAM FOR CAPACITY BUILDING OF MEMBERS


COMMITTEE FOR
MEMBER
Gandhidham Br
Place : H


Organized By
MMITTEE FOR CAPAC
MEMBERS IN PR
Gandhid am Bran
of ICAI
Hotel Radi
2017


COMMITTEE FOR CAPACITY BUILDING OF
MEMBERS IN PRACTICE
Gandhidham Branch of WIRC of ICAI


Organized By
COMMITTEE F PACITY BUILDING OF
ME PRACTICE
Gandhid
WIRC of ICAI
Place : Hotel Ra

GANDHIDHAM BRANCH OF WIRC OF ICAI

Office No. 106, Sai Krupa Complex, Plot No. 575, Ward - 12/C,
Gandhidham – Kachchh, Gujarat - 370201,
Ph. No.: 02836 – 230305
E-mail - gandhidham@icai.org