

PRESENTING THE
DIGITAL GOLD WHITE PAPER SERIES

BY

**BHARAT JEWELLERY EXPORT AND
DOMESTIC COUNCIL (BJED COUNCIL)**

**PART - 1: REMOVAL OF GST ON
DIGITAL GOLD, CRYPTO GOLD AND
GOLD BACKED VIRTUAL & DIGITAL
ASSETS**

**EVEN THOUGH DIGITAL GOLD HAS BEEN INTO EXISTENCE
FOR THE PAST DECADE, IT HAS BEEN A CHALLENGE TO
BRING IT AS A MAINSTREAM INVESTMENT INSTRUMENT**

**THIS WHITE PAPER SERIES IS DRAFTED WITH THE INTENT OF
SIMPLIFYING THE CHALLENGES OF DIGITAL GOLD, CRYPTO
GOLD AND GOLD BACKED VIRTUAL & DIGITAL ASSETS**

**THIS WHITEPAPER SERIES IS SUBJECT TO CORRECTIONS,
RECTIFICATIONS, CHANGES, AMENDMENTS AND ADDITIONS
IN THE FUTURE**

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RAKESH VERMA

FOUNDER AND NATIONAL
PRESIDENT OF BJED COUNCIL



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VISIONS WITH US

AMISH BADANI

CHAIRPERSON OF AMISH
GROUP AND FOUNDER OF
MANIRATHNAM

GUJARAT PRESIDENT OF
BJED COUNCIL



OBJECTIVES OF THE WHITE PAPER INITIATIVE

- 1. TO INITIATE AND ACTIVELY ENGAGE IN A RESPECTFUL DIALOGUE WITH COMPETENT AUTHORITIES REGARDING THE CHALLENGES FACED IN DIGITAL GOLD, CRYPTO GOLD AND GOLD BACKED VIRTUAL & DIGITAL ASSETS**
- 2. TO ACTIVELY PARTICIPATE AND CONTRIBUTE IN THE DRAFTING AND INTRODUCTION OF REGULATIONS, GUIDELINES, AND SOPs FOR DIGITAL GOLD, CRYPTO GOLD AND GOLD BACKED VIRTUAL & DIGITAL ASSETS**
- 3. TO ACHIEVE THE OBJECTIVE OF 'ONE NATION - ONE POLICY' FOR DIGITAL GOLD, CRYPTO GOLD AND GOLD BACKED VIRTUAL & DIGITAL ASSETS**
- 4. TO SAFEGUARD THE INTERESTS OF CUSTOMERS, INVESTORS AND JEWELLERS WHO DEAL IN OR HAVE VESTED INTEREST IN DIGITAL GOLD, CRYPTO GOLD AND GOLD BACKED VIRTUAL & DIGITAL ASSETS**
- 5. STRIVE TO CREATE A GROWTH AND DEVELOPMENT ORIENTED ECOSYSTEM WHERE INVESTMENT INSTRUMENTS LIKE DIGITAL GOLD, CRYPTO GOLD AND GOLD BACKED VIRTUAL & DIGITAL ASSETS CAN FLOURISH**

WHAT IS DIGITAL GOLD?

DIGITAL GOLD IS AN ELECTRONIC INVESTMENT INSTRUMENT WHICH IS USUALLY DEALT IN THROUGH DIGITAL PLATFORMS, APPS AND WEBSITES

THESE DIGITAL PLATFORMS ALLOW INVESTORS TO BUY, HOLD, SELL GOLD ELECTRONICALLY, WITHOUT HAVING TO PHYSICALLY MANAGE OR STORE IT

THE STANDARD DIGITAL GOLD PLATFORMS SHOWCASE REAL TIME INVESTMENT VALUE, REAL TIME RATE DETAILS AND OFFER CONVENIENCE AND ACCESSIBILITY TO INVESTORS

WHAT IS THE GST RELATED CHALLENGE FACED IN DIGITAL GOLD?

**THERE ARE MANY INVESTORS WHO INVEST IN DIGITAL
GOLD WITH THE PURPOSE OF REDEEMING IT FOR MAKING
JEWELLERY**

**THESE PURCHASES OF DIGITAL GOLD ARE DONE IN
ISOLATED TRANSACTIONS AND SIP FORMAT INVESTMENTS,
EITHER WITH THE JEWELLERS OR THROUGH DIFFERENT
DIGITAL GOLD PLATFORMS**

**EVEN THOUGH FULLY FUNCTIONAL TECH BASED
PLATFORMS ARE AVAILABLE IN THE COUNTRY, CUSTOMERS
ARE REFRAINING FROM PURCHASING DIGITAL GOLD DUE
TO DUAL TAXATION**

**GST OF 3% IS LEVIED ON PURCHASE OF DIGITAL GOLD AND
ANOTHER GST OF 3% IS LEVIED ON JEWELLERY WHICH IS
PURCHASED BY REDEEMING THAT DIGITAL GOLD IN PART
OR IN FULL**

**IN A MARKET WHERE JEWELLERY IS MARKETED WITH
OFFERS OF “NO MAKING CHARGES” OR “ZERO WASTAGE”,
PAYING AN ADDITIONAL 3% GST ON GOLD, WHOSE FORM IS
SIMPLY CHANGING FROM DIGITAL ASSET TO PHYSICAL
JEWELLERY, IS DEFINITELY UNACCEPTABLE TO INVESTORS**

WHAT IS THE WORKABLE SOLUTION TO THE GST RELATED PROBLEM ON DIGITAL GOLD?

NO GST, CESS OR ANY KIND OF INDIRECT TAX OR EVEN DIRECT TAX (IN THE FORM OF DEDUCTIONS LIKE TDS, TCS) SHOULD BE LEVIED ON DIGITAL GOLD, CRYPTO GOLD AND GOLD BACKED VIRTUAL & DIGITAL ASSETS

GST SHOULD BE LEVIED ONLY ON THAT TRANSACTION OR PROCESS WHERE ACTUAL PHYSICAL DELIVERY OF GOLD TAKES PLACE. JUST IN CASE DIGITAL GOLD IS LIQUIDATED THEN NO GST SHOULD BE CHARGED. THE SAME THING SHOULD BE APPLICABLE FOR SILVER OR ANY OTHER PRECIOUS METAL

TO EXPLAIN WITH AN EXAMPLE; IF GOLD COINS ARE REDEEMED FROM DIGITAL GOLD THEN GST SHOULD BE CHARGED ON THE VALUE OF GOLD COINS WHICH ARE CONVERTED FROM DIGITAL GOLD, AND NOT DIGITAL GOLD ITSELF

THIS PROCESS IS POSSIBLE BECAUSE NO GST IS LEVIED ON THE INVESTMENT VALUE OF GOLD-ETF (EXCHANGE TRADED FUND). A GOLD-ETF IS AN INVESTMENT INSTRUMENT WHICH COMES UNDER THE CATEGORY OF GOLD BACKED VIRTUAL & DIGITAL ASSETS. SINCE NO GST IS LEVIED ON THE INVESTMENT VALUE OF GOLD-ETF, THE SAME FORMULA SHOULD ALSO BE USED FOR ALL INVESTMENT INSTRUMENTS LIKE DIGITAL GOLD, CRYPTO GOLD AND GOLD BACKED VIRTUAL & DIGITAL ASSETS

MESSAGE BY BJED COUNCIL

BJED COUNCIL BELIEVES THAT WHILE TAXATION IS AN IMPORTANT TOOL FOR NATION BUILDING, ITS NATURE, STRUCTURE AND PROCESS SHOULD NOT BE SUCH AS TO HINDER THE GROWTH AND DEVELOPMENT OF THE ECONOMY AND CREATE PROBLEMS FOR THE COMMON MAN. NO NATION CAN TRULY DEVELOP AT THE EXPENSE OF ITS CITIZENS!

