

## Bitcoins losing currency on Budget warning

BY SACHIN DAVE & SALONI SHUKLA, ET BUREAU | FEB 03, 2018, 12.36 AM IST

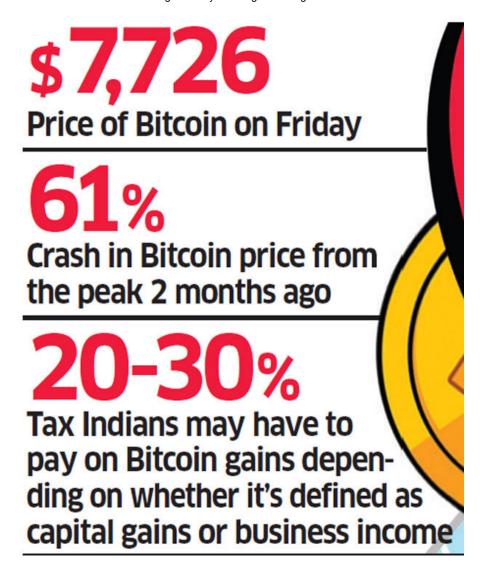
Post a Comment

Mumbai: Trading on Bitcoin exchanges surged on Thursday and Friday after finance minister Arun Jaitley said in his February 1 Budget speech that cryptocurrencies weren't legal tender. Exchange servers were said to have ground to a near halt on both days due to the sudden spurt in transactions, although the platforms themselves said things had settled down after the initial panic.



Zebpay, Unocoin, Coinsecure and BTCXIndia all saw large transaction volumes. Mumbai resident Rahul Ray was one of those who sold his Bitcoin holding on Friday morning. "It was after the finance minister's speech that I went back and checked the fine print on one of the exchanges," he said. "Basically, even before accepting the money, the exchanges are clarifying that if the government comes after them, customers may lose their money."

There was enough demand to offset the exit rush, according to a Zebpay executive. "Our volumes have been pretty high; we have seen a lot of buying and selling," said Nischint Sanghavi, head of exchange, Zebpay. "There were customers who panicked a little bit early on, but at the same time there are enough customers who are waiting to buy."



Going forward, investors will have to contend with the income tax department over defining gains from cryptocurrencies or setting off losses against other income. Investors who have sold Bitcoins don't know how much tax could be levied on returns. Meanwhile, those who entered late have mostly made losses.

"Until the cryptocurrency legislation comes in, we don't know whether the government will declare it 100% illegal or they will simply regulate its use. I don't think they will ban cryptocurrencies because it would be a backward step," said Malav Virani, partner at law firm MDP & Partners. Several investors are said to be planning to define gains or losses from Bitcoins as speculative business income. They would then set it off against losses or gains incurred from other speculative businesses to reduce or square off tax liabilities. "After the Budget announcement, one can expect a major crackdown on cryptocurrencies going forward," said Amit Maheshwari, partner, Ashok Maheshwary & Associates. "If the government rules trading in cryptocurrencies as illegal, investors won't be able to set off the losses, as one cannot set off losses from an illegitimate business from a legitimate business."



10 days' hair oil - New hair growth for sure! Rathira Ayurveda Pvt Ltd



Shocking: Doctor lost upto 30 kgs with this easy trick!!

NutraLyfe

Recommended By Colombia

## Queries may be benign in nature

Some tax experts are of the view that losses or gains from cryptocurrencies can be set off against returns from other speculative assets. Plus, the queries may be more benign in nature at this stage. "The tax authorities are well within their rights to verify the transactions and question the source," said Zulfiqar Memon, managing partner at MZM Legal. "However, at this stage, they may just want to verify the KYC (know your customer) documents which were produced at the time of opening the account with the exchange and discover the

source of income." While investors may not be at immediate risk, experts said some cryptocurrency exchanges may be headed for a shutdown.

Stay on top of business news with The Economic Times App. Download it Now!

	Live Market	Industry	About Us
Powered by	News	Newsletters	Create Your Own Ad
	Portfolio	Commodities	Advertise with Us
	Mobile	Speed	Terms of Use & Grievance Redressal
	Live TV	Blogs	Privacy policy
	Biz Listings	RSS	

FOLLOW US

Download it from APP STORE

Download it from GOOGLE PLAY

Windows Store

Other Times Group news sites

इकर्नोमिक टाइम्स| ઈકોનોમિક ટાઈમ્સ | Pune Mirror | Bangalore Mirror | Ahmedabad Mirror | ItsMyAscent | Education Times | Brand Capital | Mumbai Mirror | Times Now | Indiatimes | नवभारत टाइम्स | महाराष्ट्र टाइम्स | ವಿಜಯ ಕರ್ನಾಟಕ | Go Green | AdAge India | Eisamay | IGN India | NavGujarat Samay | Times of India | Samayam Tamil | Samayam Telugu | Miss Kyra | Bombay Times | Filmipop

Living and Entertainment

Timescity| iDiva | Entertainment | Zoom | Healthmeup | Luxpresso | Gadget Reviews | Titanium & Platinum Credit Card | Online Songs | MensXP | Hotels | Travel Destinations | Cricbuzz | Recipes | Gaana | Happytrips | Getsmartapp

Interest Network

itimes

Hot on the Web

Budget Highlights | Tax Saving Investments | Income Tax Slabs | Aadhaar Card | How to Save Income Tax | Budget Session | Income Tax | Sensex Today | Budget | Sensex | Income Tax Calculator | Aadhaar

## Services

Book print ads| Online shopping | Matrimonial | Astrology | Jobs | Tech Community |
Property | Buy car | Bikes in India | Free Classifieds | Send money to India | Used Cars |
Restaurants in Delhi | Remit to India | Buy Mobiles | Listen Songs | News |
TimesMobile | Real Estate Developers | Restaurant Deals in Delhi | Car Insurance |
Gadgets Now | Free Business Listings | CouponDunia | Remit2India | Techradar |
AliveAR | Getsmartapp App | ETMoney Finance App | Feedback | Auto

## In Case You Missed It

Sun Pharma Share Price Crude Oil Price

Tata Motors Share Price Upcoming IPO

ICICI Bank Share Price Budget 2018

Best Mutual Funds to Buy Sensex

Repo Rate NSE

BSE Stock Market

Copyright © 2018 Bennett, Coleman & Co. Ltd. All rights reserved. For reprint rights: Times Syndication Service