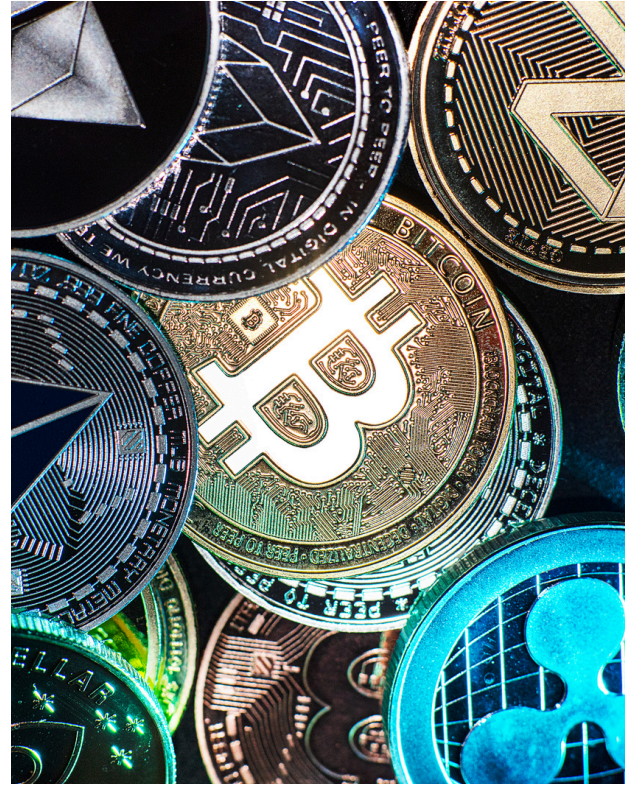


Twist & Turns in the Indian Crypto Story!

EXECUTIVE SUMMARY

- In the past, RBI has issued various circulars cautioning and prohibiting dealing into Crypto currencies| VDA.
- Later on, the Supreme Court turned down the RBI prohibition. However, due to concern over potential PMLA violation the legal position on the crypto currency remained skeptical.
- There were several initiatives made to regulate Crypto currency including passing of Tax amendments and draft Crypto bill in 2021.
- The inclusion of Crypto-exchange as reporting entity under FIU-IND and registration of some Crypto-exchanges has added a new chapter in the story.



THE RBI CIRCULARS AND SUPREME COURT JUDGEMENT

- **2013-2018:** RBI has issued various circulars cautioning and prohibiting dealing into Cryptocurrencies to regulated entities, users and traders.
- **2018-2020:** Hon'ble Supreme Court in a writ filed against the RBI circulars has overturned the ban marking a significant turning point.

VARIOUS AMENDMENTS IN LAWS

1

CRYPTO BILL AND TAX AMENDMENTS

- **2021:** The Crypto Bill was listed for introduction however it has been taken for further deliberations. Under the Bill VCs were considered as assets than legal tender.
- **2022:** Income Tax was amended to bring VDA into tax ambit imposing capital gains and TDS.

2

PMLA AMENDMENT

- **2023:** The PMLA was amended to bring Crypto Exchange into its ambit as reporting entity. There were notices issued to offshore Crypto Exchange for registration.
- **2024:** Offshore Crypto Exchange has commenced obtaining registration with FIU-IND. Recently FIU-IND also imposed penalty on these offshore Crypto Exchange over violation of PMLA provisions.

LAWKNIT ANALYSIS

- FIU IND registration would provide trust over the system from the government as well as users perspective.
- The regulatory clarity would be essential however it seems to be that Indian legislature is towards the principle of adopting uniform global approach on the subject.



DEFINED TERMS

- Crypto Bill: Cryptocurrency and Regulation of Official Digital Currency Bill, 2021
- FIU-IND: Financial Intelligence Unit India
- PMLA: Prevention of Money Laundering Act (PML) Act, 2002
- VCs: Virtual currency| Cryptocurrency
- VDA: Virtual Digital Assets

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