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Rs.95 Cr.**

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The tax authorities have recovered Rs. 95.86 crore from 11 cryptocurrency agencies. These agencies include industry leaders such as WazirX, CoinDCX and CoinSwitch Kuber. Authorities discovered tax evasion of Rs 81.54 crore in Goods and Service Tax (GST). The recovered amount includes both GST and the interest and penalties levied on it, said Minister of state for finance Pankaj Chaudhary.

The most prominent evaders were WazirX's parent company Zangmai Labs, worth Rs40.51 crore. Then major players such as Coin DCX and CoinSwitch Kuber were found evading Rs 15.7 crore and Rs 13.76 crore, respectively. Other companies that were found flouting the GST regulations and evading taxes were Buy Ucoin, Unocoin, Flitpay, Zeb IT Services Pvt Ltd. Secure Bitcoin Traders Pvt Ltd, Giottus Technologies, Awlencan Innovations India Pvt Ltd (ZebPay), and Discidium Internet Labs.

The entire issue came to light when in the month of January earlier this year after the Central GST Mumbai Zone found about the evasion of Rs 40.5 crore by Zangmai Labs when it failed to pay the commission earned through its crypto platform WazirX's token WRX. The company stated that it had no intention to evade taxes and the problem related to "ambiguity in the interpretation of one of the components which led to a different calculation of GST paid".

The Crypto industry has several times called for clarification on the GST rules applicable to the crypto trades. As of now, there is no precise classification of the GST rates to be levied on cryptocurrencies. 18% GST is levied on the services provided by the crypto agencies, and they fall under the bracket of "Financial Services".

The issue which arises here is that different companies earn revenue in different ways. For example, brands like CoinSwitch Kuber function as a broker transacting cryptocurrencies. On the other hand, exchanges like Wazir X charge commission on peer-to-peer crypto transactions.

"There is an issue in calculating the precise tax amount due to confusion over the tax applicable on different business models adopted by cryptocurrency firms,".

The government had clarified its stance on taxation of crypto/ Virtual digital assets in the Budget for FY 2022, where it stated that VDA's would be taxed at 30%.



Ganesh Nair
Legal Researcher
R&D Enterslice