Contents

	PAGE
About the Author	I-5
Preface	I-7
Chapter-heads	I-9
Introduction	I-21

$\frac{1}{2}$

1.1	Introdu	uction	1
1.2	CBDT I	nstruction No. 1916, dated 11-5-1994	1
1.3	Applica	ation of Instruction No. 1916 to assessment?	3
1.4	Some	Case Studies	3
	1.4-1	Gold found in limit to be treated as explained	3
	1.4-2	Relaxation to be allowed from seizure and not from treating them unexplained	6
1.5	Broade	er Implications	10
◆ FA	Qs		12
		<u>2</u> SEARCH, SEIZURE & INCOME-TAX	
2.1	Introdu	uction	16
2.2	Appred addition	ciation in value cannot be a subject matter of on	16

		CONTENTS	I-12
			PAGE
2.3	Search	and Seizure Operations	18
2.4	Powers	s of Assessing Officer	20
2.5	Case S	tudies	21
	2.5-1	Application of mind	21
	2.5-2	Survey Converted to search	22
	2.5-3	Other Case Laws	22
2.6	Penalty	y in cases of search	28
2.7	Comm	on Queries	29
2.8	Docum	nents to substantiate the holding	30
◆ FAC	Qs		31
		<u>3</u>	
		DIGITAL SEARCH	
3.1	Introdu	uction	36
3.2	Releva	nt provisions of Income-tax Act	37
	3.2-1	Section 2	37
	3.2-2	Section 132	37
	3.2-3	Section 282	38
3.3	Two di	gital evidence cases	38
	3.3-1	Case One	38
	3.3-2	Case Two	39
◆ FAC	Qs		41
		<u>4</u>	
		GOLD MONETIZATION SCHEME	
4.1	Introdu	uction	43
4.2	Benefit	ts	43
4.3	Object	ives	44
4.4	New re	elevant Income-tax provisions	45

I-13	CONTENTS

			PAGE	
4.5	The pr	45		
4.6	Tax ad	47		
4.7	Compa	arison between old & new scheme	48	
◆ FA	\Q s		50	
		5		
		SOVEREIGN GOLD BONDS		
5.1	Introdu		52	
5.2	Why S	overeign Gold Bonds were issued?	52	
5.3	GST Sc	care? Sovereign Gold Bonds to rescue	53	
5.4	Buying	the bond	53	
5.5	Tax ad	Tax advantages		
	5.5-1	How redemption helps taxpayer?	54	
	5.5-2	How indexation helps taxpayer?	54	
	5.5-3	How there is no TDS?	55	
5.6	Tax dis	advantages	55	
	5.6-1	Interest is taxable	55	
	5.6-2	Selling in secondary market invites tax	55	
5.7	Tips		56	
◆ FA	\Qs		57	
		6		
		UNDISCLOSED & UNEXPLAINED GOLD		
6.1	Introdu	uction	59	
6.2	Section	n 69A	59	
6.3	Section	n 69B	60	
6.4	Some	facts about section 69A & section 69B	60	
6.5	Case la	aw	61	
	6.5-1	Section 69A cases	61	
	6.5-2	Section 69B cases	63	

		CONTENTS	I-14
6.6	Penalty		PAGE 64
	6.6-1	Penalty for unexplained income - Section 271AAC	64
	6.6-2	Penalty - Search & undisclosed jewellery	66
6.7	Case la	w	67
	6.7-1	Penalty cases on search & undisclosed jewellery	67
6.8	Immun	ity from penalty	68
6.9	Cash cr	edits, Investment & expenditure	69
6.10	Section	68	69
6.11	Section	69	70
6.12	Section	69C	70
6.13	Some fa	acts about section 68, section 69 & section 69C	71
6.14	Case la	W	71
	6.14-1	Section 68 cases	71
	6.14-2	Section 69 cases	73
	6.14-3	Section 69C cases	74
6.15	Penalty	cases on cash, investing & expenditure	74
6.16	Cash tra	ansactions & Gold	<i>75</i>
6.17	Gold &	cash under Income tax Law	76
◆ FA	Qs		76
		7	
		GOLD ETF	
7.1	Introdu	ction	<i>7</i> 9
7.2	Taxatio	n of Gold ETF's	80
7.3	Gold E1	F's tax drawback	80
7.4	Compa	rison with Sovereign Gold Bonds	<i>82</i>
7.5		Gold ETF's	83
◆ FA	Qs		84

I-15 CONTENTS

			PAGE
		<u>8</u>	
		GOLD COINS	
8.1	Introdu	uction	85
8.2	Taxatio	on of gift of gold coins	85
8.3		on of capital gains from gold coins	86
8.4		save tax on gold & silver coins	86
8.5	Case la	•	87
8.6	Are ao	ld coins seized, if quantity is okay	88
8.7	_	des of same coin	89
◆ FA			91
¥ 17 (Q3		31
		9	
		CAPITAL GAINS TAX	
9.1	Introdu	uction	94
9.2	Less ca	apital gains tax, but no indexation	94
9.3		tion vanishes	95
	9.3-1	No indexation increases tax	95
	9.3-2	How taxpayers are affected	96
9.4	More o	gold investments hit	97
9.5	How to	tackle indexation removal	97
9.6	Deduc	tible expenses	97
9.7	Tax exe	emptions	98
	9.7-1	Section 54EE	98
	9.7-2	Section 54F	98
9.8	Person	al effects	99
9.9	Case la	aw	101
	9.9-1	HUF use is also personal	101
	9.9-2	No need to prove owned gold, to sell it	102
9.10	Gold s	ale or undisclosed income ?	103
9.11	Diamo	nds studded in gold jewellery	103

	CONTENTS	I-16
9.12	Electronic Gold Receipts	PAGE 104
◆ FA		105
	10	
	VALUATION OF GOLD	
10.1	Introduction	110
10.2	When is valuation done?	111
	10.2-1 Section 55A	111
	10.2-2 Section 142A	112
10.3	Stones valuation is not required every year	113
10.4	Board circular	113
10.5	What about precious stones?	114
10.6	Case law	115
	10.6-1 Avoid mistakes in gold valuation	115
10.7	Tips	119
◆ FA	Qs	127
	<u>11</u>	
	TRADERS & GOLD	
11.1	Introduction	130
11.2	Books of account	131
11.3	Cases	132
	11.3-1 How to keep accounts?	132
◆ FA	Qs	143
	<u>12</u>	
	INHERITING GOLD	
12.1	Introduction	149
12.2	Changing base year has benefited assessee	150

			PAGE
12.3	Case Lav	NS	151
	12.3-1	AO is not handwriting expert	151
	12.3-2	Joint family gave gold ornaments	151
	12.3-3	Inherited jewellery may not appear in balance sheet	152
	12.3-4	Polishing proved inherited jewellery	152
	12.3-5	Status of family has to be considered	152
	12.3-6	Baseless reasoning	153
	12.3-7	Family settlement is equal to inheritance	153
	12.3-8	Cases in favour of revenue	153
12.4	Ways to	prove gold is inherited	155
◆ FAC	Qs		156
		<u>13</u>	
		GOLD & SILVER UTENSILS	
13.1	Introduc	ction	158
13.2	Utensils	must be personal effects, to avoid tax	160
13.3	Utensils	must be reasonable in number	161
13.4	Daily us	e may be waived off	161
13.5	CBDT in:	struction covers utensils	163
13.6	Where g	old & silver utensils were not spared	163
13.7	Tips		165
◆ FAC	Qs		165
		14	
		STRIDHAN	
14.1	Introduc	ction	167
14.2	Stri's dh	an	167
14.3	What sti	ridhan consists of?	169
14.4	How do	es income-tax treat stridhan?	169
14.5	Where s	tridhan case was lost?	173

		CONTENTS	I-18
			PAGE
14.6	_	struction does not hit stridhan	173
◆ FA	Qs		175
		15	
		GOLD & GST	
15.1	Introdu	ction	176
15.2	Previou	s taxes axed	176
15.3	GST on	gold making charges	177
15.4	When c	ustomer sells gold jewellery	178
15.5	Exchang	ge of jewellery & GST	179
15.6	Repair o	of jewellery & GST	179
15.7	Karigar	charge & GST	179
15.8	Gifts ald	ongwith jewellery & GST	179
15.9	Jeweller	180	
15.10 GST, traders & cases		181	
◆ FA	Qs		189
		<u>16</u>	
		GST & GOLD TRADERS	
16.1	Introdu	ction	194
16.2	A big ta	x reform	194
16.3	Gold tra	ader registration	195
16.4	Relevan	t GST principles	196
	16.4-1	Supply	197
	16.4-2	Composition scheme	197
	16.4-3	Input Tax Credit (ITC)	197
	16.4-4	Reverse charge	198
	16.4-5	Job worker services	198
16.5	Import	incentives	199
16.6	Some m	nore GST & gold facts	200
	16.6-1	HSN Meaning	200

I-19 CONTENTS

			PAGE
	16.6-2	Gold Price & GST	200
	16.6-3	Instalment Schemes	200
	16.6-4	Material and Labour	201
	16.6-5	Exchange	201
	16.6-6	Hallmarking charges	201
16.7	Registe	red customer	202
	16.7-1	Where both are important supplies	202
	16.7-2	Place	202
	16.7-3	Input tax credit & goods given to job worker	203
	16.7-4	No TDS	203
	16.7-5	Free gifts	203
	16.7-6	Copper added	203
	16.7-7	GST refund	204
	16.7-8	Transitional provisions	204
	16.7-9	Anti-Profiteering	204
	16.7-10	Wastage allowance	204
16.8	Jewelle	ry bag and jewellery box and GST	205
	16.8-1	Jewellery box	205
◆ FA	Qs		205
		APPENDICES	
Appe	ndix 1 :	Historical Gold and Silver Rates	213
Appe	ndix 2 :	Cost Inflation Index for Gold, sold after 1-4-2017, notified by CBDT on 12-6-2023 for financial year 2001-02 and subsequent	
		years	216
Appe	ndix 3 :	GST Tariff	217
Appe	ndix 4 :	 GST forms for Gold traders 	233
		 Specialized GST forms for gold traders 	235
		GST forms automatically generated after	
		filling form	235