

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UNSTARRED QUESTION NO.1842
ANSWERED ON - 05/08/2025

“Cryptocurrency Linked Tax Evasion”

1842. Shri Milind Murli Deora:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Central Board of Direct Taxes (CBDT) has detected cases of tax evasion involving investment in cryptocurrency and Virtual Digital Assets (VDAs);
- (b) the number of taxpayers who have been sent notices or emails in this regard;
- (c) the total estimated amount of tax evasion involved; and
- (d) the steps being taken to ensure that income from crypto transactions is accurately reported and taxed?

ANSWER

MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

- (a) Cases of tax evasion linked to investments in cryptocurrency and Virtual Digital Assets (VDAs) have been detected by the Central Board of Direct Taxes (CBDT) on multiple occasions over a period of time and necessary action as per Income Tax Act, 1961 is taken by the Income Tax Department in such cases.
- (b) Wherever instances of tax evasion are detected, the Income Tax Department takes necessary action including nudging the taxpayers, e-verification, reassessment, survey or search & seizure as the case may be. To create awareness among taxpayers regarding the disclosure of VDA and payment of tax, CBDT has recently launched NUDGE (Non-Intrusive Usage of Data to Guide and Enable) taxpayers campaign under which 44057 emails and messages have been sent to select taxpayers who had invested and traded in the VDAs but did not report the transactions in Schedule VDA of their Income Tax Returns (ITRs).
- (c) The tax on income from transfer of Virtual Digital Assets (VDA), under section 115BBH of the Income Tax Act, 1961, was introduced from FY 2022-23. The total amount of tax offered by the taxpayers for FY 2022-23 and FY 2023-24 was equal to Rs 705 Crores. Further during search & seizure operations and survey operations undisclosed income detected in VDA transactions amounts to approximately Rs 630 Crores.

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- (d) The CBDT has undertaken various initiatives to ensure accurate reporting and taxation of income from cryptocurrency transactions. These include the use of data analytics tools such as the Non-Filer Monitoring System (NMS), Project Insight, and internal databases of the Income Tax Department to correlate available information on Virtual Digital Asset (VDA) transactions with the disclosures made in taxpayers' Income Tax Returns (ITRs). TDS returns filed by Virtual Asset Service Providers (VASPs) and ITRs filed by taxpayers are also analyzed to identify discrepancies in reported VDA transactions and appropriate action is taken.
