

Gst on Gold and Gold Bonds

The goods and services tax is charged on the total value of gold purchased as well as the making charges.

As the price of the yellow metal has corrected, physical gold buying activity has picked up. As per a report from Bloomberg, gold imports in March touched the highest monthly total in almost two years.

GST is not only levied in case of buying physical gold, but also in the case of digital gold.

So, in case you are buying digital gold, apart from the other charges, you also need to pay GST at the rate of 3% as the digital gold provider buys physical gold in your name equivalent to the amount invested.

The same is the case with gold exchange-traded funds (ETFs) offered by mutual funds. They also back the investments with physical gold. However, in case of gold ETFs, the GST is paid back to investors as the fund house takes input credit for the same.

Meanwhile, in case of sovereign gold bonds, as there is no physical gold buying involved, no GST is levied.