

CBDT Brings Crypto-Assets Under Income Tax Reporting Framework

CBDT Notification No. 19/2026 | Effective January 1, 2026

#INCOMETAX

#CRYPTOTAX

#CBDC

#DIGITALCURRENCY

#CARF



India Aligns with Global Crypto Reporting

CBDT Notification No. 19/2026, dated March 5, 2026 (G.S.R. 158(E)), effective retroactively from January 1, 2026, brings India in line with the OECD Crypto-Asset Reporting Framework (CARF). The legal basis rests on Sections 295 and 285BA of the Income-tax Act, 1961.

Parameter	Detail
Notification	No. 19/2026 (G.S.R. 158(E))
Date Issued	March 5, 2026
Effective Date	January 1, 2026 (Retroactive)
Legal Authority	Sections 295 and 285BA, IT Act 1961
Global Framework	OECD CARF

Three Critical Definitions Added

Rule 114F — New Definitions

Central Bank Digital Currency (CBDC)


Any digital fiat currency issued by a central bank, including India's e-Rupee. Accounts holding CBDC are now included under the expanded Depository Account definition.

Specified Electronic Money Product

A digital representation of fiat currency, redeemable at par value for payment transactions. Electronic money product accounts are now classified as Depository Accounts.

Relevant Crypto-Assets

All interests in crypto-assets including derivatives – futures, forward contracts, and options – not just spot holdings. A significantly broader scope than previously covered.

 **Key Expansion:** The Depository Account definition has been expanded to include both electronic money product accounts and CBDC accounts, widening the reporting net considerably.

What Must Be Reported Now

Enhanced Reporting — Rule 114G

New Sub-rule 114G(1)(fa) introduces significantly expanded reporting obligations for all reporting entities dealing in crypto-assets and digital currencies.

1

Equity Interest Roles

Disclosure of equity interest roles in investment entities including trusts and partnerships where crypto-assets are held.

2

Self-Certification Status

Valid self-certification must be obtained and maintained for all account holders across all digital asset accounts.

3

Joint Account Disclosure

Full disclosure of joint account details including the total count of all account holders must be reported.

4

Crypto Transaction Data

Detailed crypto-asset transaction data covering all trades, transfers, staking, and DeFi activity must be reported to CBDT.



Penalty Warning: Non-compliance attracts **Rs. 500/day** penalties under Section 271FA with **no upper cap**.

Revised Due Diligence Procedures

Rule 114H – Step-by-Step Compliance



Classify Accounts

Classify all accounts as pre-existing or new using January 1, 2026 as the cutoff date.



Obtain Self-Certification

Collect valid self-certification from all account holders for digital asset and crypto accounts.



Enhanced Review

Conduct enhanced review for all pre-existing accounts that do not yet have valid self-certification on file.



Special Screening

Apply special screening procedures for digital asset accounts and crypto wallets under the new framework.



Ongoing Monitoring

Implement continuous monitoring and periodic re-certification to maintain ongoing compliance.



Critical Deadline: All pre-existing accounts must complete their due diligence review by **December 31, 2026**.

Stakeholder Impact

Who Is Affected by CBDT Notification No. 19/2026?

Financial Institutions & Exchanges

- Upgrade compliance and KYC systems immediately
- Enhanced transaction reporting obligations to CBDT
- New due diligence procedures for all digital accounts

Crypto Investors & Traders

- ALL transactions are now reportable without exception
- Covers spot trading, derivatives, staking, and DeFi
- Self-certification requirements apply to all holders

CA Professionals

- Master updated Rules 114F, 114G, and 114H
- Advise clients on all new compliance obligations
- Build a specialized digital asset taxation practice



Important Caveats & Critical Warnings



⏪ Retroactive Effect

The notification is effective from **January 1, 2026**. All Q1 2026 transactions are already covered under this framework – there is no grace period for the past.

🔍 Broad Definition Scope

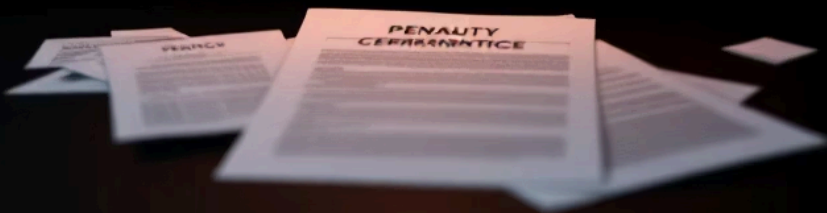
The definition of Relevant Crypto-Assets explicitly includes **derivatives** – futures, options, and forward contracts – not just spot holdings or direct ownership.

🌐 International Data Exchange

Reported data will be **shared with international tax authorities** under the OECD CARF framework, enabling cross-border enforcement and information exchange.

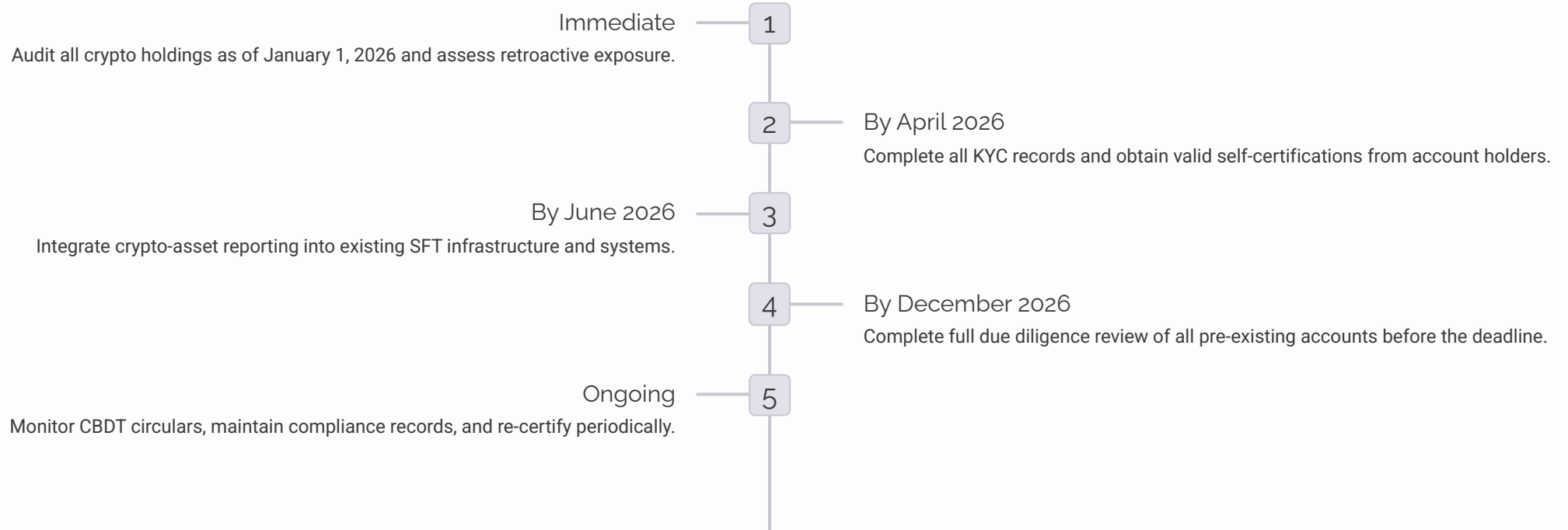
💰 Penalty Risk — No Upper Cap

Section 271FA imposes a penalty of **Rs. 500 per day** for non-compliance. There is **no upper cap** on the total penalty, making prolonged non-compliance extremely costly.



Your Compliance Checklist

Action Plan — CBDT Notification No. 19/2026



Need Help with Crypto-Asset Compliance?

Book a quick call with **A S Banka Advisors Private Limited** for expert guidance on CBDT Notification No. 19/2026 compliance, digital asset taxation, and SFT reporting obligations.

[Book a Consultation](#)

Source: taxupdate.in
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