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How much Gold and Jewellery one can hold ?

Whether there is any limit on the holding of Gold Jewellery ?

There is no limit on holding of gold jewellery or ornaments by anybody provided it is acquired from explained sources of income including inheritance.

Whether Income Tax Act has introduced any new provision regarding chargeability of tax on jewellery ?

No. Section 115BBE of the Income-tax Act, 1961 (the Act) has increased rate of Income Tax from 30% to 60% plus surcharge of 25% and cess. This section only provides rate of tax to be charged in case of unexplained investment in assets. Tax rate under Section 115BBE has been increased only for unexplained income.

If there is no new tax, then why the limits of holding have been prescribed about Gold and Jewellery ?

Old provisions of the Income Tax Act have only been emphasised again. Vide circular dated 11.5.1994, instructions have been issued in the matter of search and seizure of gold jewellery. Jewellery and ornaments to the extent of 500 gms. for married lady, 250 gms. for unmarried lady and 100 gms. for male member will not be seized, even if prima facie, it does not seem to be matching with the income record of the assessee.

Whether Gold and Jewellery can still be purchased and /or held, which may be more than the limits prescribed ?

Yes. It is clarified that the jewellery/gold purchased out of disclosed income or out of exempted income like agricultural income or out of reasonable household savings or legally inherited which has been acquired out of explained sources is neither chargeable to tax under the existing provisions nor under the amended provisions.