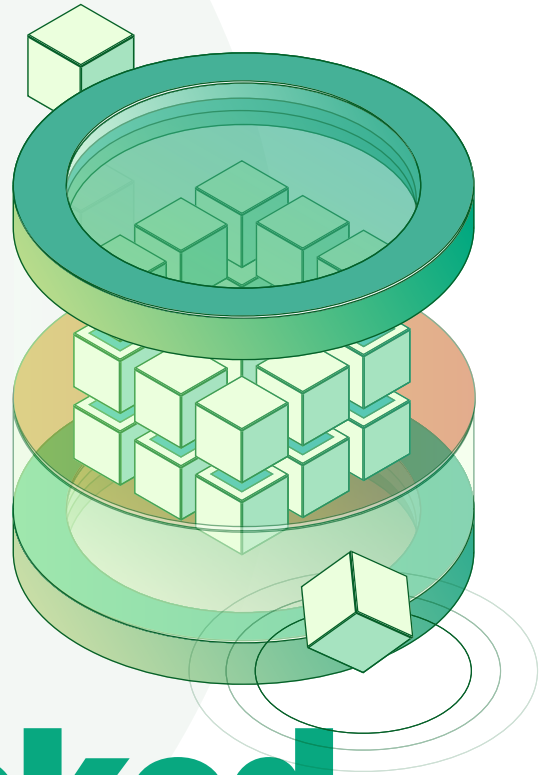




Educate
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Web3 Unpacked

BWA Newsletter 
January '25



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BWA Budget Wishlist

Web3 growth hinges on taxation reforms: A Budget Wishlist

By Dilip Chenoy, ET CONTRIBUTORS • Last Updated: Jan 25, 2025, 09:34:00 AM IST



Bharat Web3 Association (BWA) chairperson, Mr. Dilip Chenoy's shared his thoughts on the upcoming budget and its impact on the VDA sector.

He spoke about how the massive Web3 talent pool residing in the country has led to innovation in diverse areas within the space such as decentralized finance (DeFi), metaverse, and non-fungible tokens (NFTs), among others. However, despite this impressive foundation, the sector's growth is hindered by an outdated taxation framework, and how the upcoming Union Budget offers a crucial opportunity to address these challenges and unlock the full potential of Web3 for India's economy. .

He advocated how for India to become a digital powerhouse, the government must recognize the transformative potential of Web3. A progressive, equitable tax regime is essential to unlock the sector's growth, reverse capital flight, and position India as the Web3 capital of the world.

BWA Meeting with Delhi Police Special Cell IFSO

BWA met with senior officials from the Delhi Police Intelligence Fusion and Strategic Operations (IFSO) to discuss cybersecurity in the Web3 sector. During the meeting, BWA briefed the officials on key initiatives, including the BWA Cybersecurity and Fair Trading Guidelines, the formation of a BWA-led alliance, and recent engagements with MeitY and CERT-In.

The Delhi Police emphasized the importance of continued collaboration and suggested holding follow-up meetings to maintain ongoing engagement on cybersecurity matters.



BWA Consultation with Niti Aayog



On 21st January 2025, the BWA engaged in a candid and productive consultation with senior officials from NITI Aayog's Consultative Group on Tax Policy. The objective was to identify tax and policy reforms that can boost the growth of the sector and contribute to the broader economy.

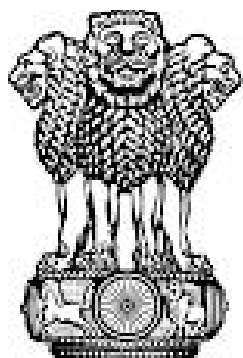
The meeting included Dr. Pushpinder S. Puniha – Chairperson, Consultative Group on Tax Policy, NITI Aayog and Mr. Sanjeet Singh – Senior Advisor, NITI Aayog. The key discussion points covered the following:

- The reduction of withholding tax (TDS) rates on transfers of Virtual Digital Assets (VDAs)
- Enabling the set-off and carry-forward of losses incurred in VDA transfers
- Providing clarification regarding the applicability of Section 194S of the IT Act to foreign service providers.

The officials acknowledged the merit of BWA's recommendations and agreed to engage further with BWA to support the sector's development.



BWA Meeting with MeitY on Cybersecurity Measures



सत्यमेव जयते

इलेक्ट्रॉनिकी एवं सूचना प्रौद्योगिकी मंत्रालय MINISTRY OF **ELECTRONICS AND INFORMATION TECHNOLOGY**

On 13th January 2025, The BWA held a meeting with MeitY Secretary Shri S Krishnan, joined by officials from CERT-In to discuss the proactive steps taken by BWA following the recent cyber-attack on an Indian VDA exchange. Key discussions during the meeting included the ongoing work of BWA's CISO Committee, the progress of BWA's Cybersecurity Guidelines, and the implementation of the BWA-led Alliance for a safer ecosystem.

The BWA briefed MeitY on its recent initiatives, such as the alliance, cybersecurity guidelines, and creating an audit checklist. Officials from MeitY and CERT-In appreciated these efforts, and expressed interest in continuing collaboration to strengthen the sector.



Trump's Executive Order on Crypto and Digital-Asset Stockpile

U.S. President Donald Trump has signed an executive order aimed at strengthening and promoting the crypto industry.

The order safeguards access to public blockchain networks, supports software development, mining, and self-custody, and encourages global adoption of dollar-backed stablecoins. Additionally, the order explores the creation of a national digital-asset reserve.

[Read more](#)

Malaysia explores comprehensive Crypto and Blockchain Legislation

Malaysia is actively considering the introduction of comprehensive regulations for crypto assets and blockchain to ensure the country remains aligned with global advancements in digital finance. This move aims to provide greater regulatory clarity, foster innovation, and establish a well-defined framework for market participants. The initiative follows previous enforcement actions by Malaysian regulators, which included ordering major crypto exchanges such as Binance and Huobi to suspend their operations due to non-compliance with local regulatory requirements.

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Crypto Leadership in U.S. Senate and Push for Bitcoin Reserve

The US Senate Banking Committee has appointed Senator Cynthia Lummis to lead the newly established Banking Subcommittee on Digital Assets. Senator Lummis emphasized the need for bipartisan legislation to establish a clear legal framework for digital assets and advocated for a strategic Bitcoin reserve to strengthen the U.S. dollar.

[Read more](#)



South Korea to Propose Additional Crypto Regulation by 2025

South Korea is preparing to roll out the next phase of its crypto asset regulatory framework, with new legislation expected to be drafted in the latter half of 2025. This follows the implementation of its initial framework in July 2024, which prioritized investor protection by mandating that crypto exchanges hold at least 80% of user deposits in cold storage. The Financial Services Commission (FSC) has now begun discussions to expand the regulatory framework, aiming to address broader industry challenges, enhance compliance measures, and further strengthen the country's position as a well-regulated digital asset hub.

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Thailand Mulls Allowing First Bitcoin ETF

Thailand's Securities and Exchange Commission (SEC) is exploring the possibility of allowing Bitcoin exchange-traded funds (ETFs) to be listed on local exchanges, reflecting a growing acceptance of crypto asset investments in line with global trends. This initiative follows previous steps taken by the regulator, including permitting asset management firms to launch funds that invest in U.S. spot Bitcoin ETFs. Additionally, in June 2024, Thailand introduced a fund-of-funds specifically designed for institutional investors to gain exposure to overseas Bitcoin ETFs.

[Read more](#)

UK Treasury confirms crypto staking falls outside collective investment scheme regulations

U.K. authorities have amended the Financial Services and Markets Act 2000 to explicitly state that crypto staking does not qualify as a "collective investment scheme." This clarification, effective from January 31, applies across all four nations of the United Kingdom.

Bill Hughes, a lawyer at Consensus, welcomed the move, emphasizing that blockchain functions as a form of cybersecurity rather than an investment scheme. The update aligns with the U.K.'s broader efforts to regulate crypto assets and staking services in a manner that encourages innovation while providing legal clarity.

[Read more](#)

National News

Jio Platforms Partners with Polygon Labs

In January 2025, Jio Platforms announced a partnership with Polygon Labs to explore blockchain applications in finance, supply chains, and other industries. The initiative, named Jio Coin, marks Reliance Jio's foray into blockchain. Built on Ethereum Layer 2, JioCoin is a non-tradable token designed to offer utility within Jio's ecosystem, serving over 400 million users and advancing India's Web3 adoption.

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CoinDCX Launches Bitcoin Chai Cafes

BWA founding member CoinDCX is adopting a new strategy to educate the public about Bitcoin.

The crypto exchange is launching pop-up Bitcoin Chai Cafes at popular tea stalls across India. Positioned near financial hubs and tech parks, these cafes aim to foster discussions about VDAs in an informal and approachable environment.

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Crypto industry expects simple tax structures, compliance in Budget 2025

India's virtual assets industry believes momentum is building, and the country should stay at the forefront of innovation. With the upcoming Budget, stakeholders anticipate a clear compliance framework and streamlined tax structures to support the sector's growth.

Edul Patel, co-founder & CEO of Mudrex, and member of BWA noted that the 1% TDS on crypto transactions pushed many investors and traders toward foreign exchanges, making government oversight more difficult. Additionally, the inability to offset losses against gains has further discouraged investor participation.

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"Biggest economies are pro-crypto, India will follow eventually"

Ryan Sungho Kim, co-founder and partner at Hashed, a South Korean Web3 venture capital firm, believes that while India's blockchain and Web3 ecosystem is still in its early stages, it is poised for growth as major economies like the US, Europe, and Japan adopt more crypto-friendly policies. He acknowledged the Indian government's cautious stance on crypto but noted that it has allowed founders to build businesses in the space. Drawing parallels with South Korea's past approach, he emphasized that despite regulatory concerns around scams, fraud, and money laundering, governments have not entirely hindered innovation in the sector.

[Read more](#)

International News

Blockchain's Role in Humanitarian Aid

The UN Refugee Agency (UNHCR) has demonstrated the benefits of blockchain technology for humanitarian cash transfers through a pilot project in Ukraine. The initiative has enabled faster, more efficient distribution of aid. A new center in Geneva will further explore blockchain applications in humanitarian efforts.

[Read more](#)

EU Investigates Stablecoin Regulations

The European Commission is reviewing the effectiveness of existing regulations concerning investor protections for e-money tokens (EMTs) tied to official currencies. This follows concerns raised by France's financial regulator (ACPR) regarding the issuance of EMTs by both EU and non-EU entities.

[Read more](#)

SEC Fast-Tracks Bitwise's Bitcoin-Ethereum ETF, Signaling Broader Crypto

Bitwise's hybrid ETF will offer investors direct exposure to Bitcoin (BTC) and Ethereum (ETH) in a single fund with Coinbase's custody business to oversee the fund's holdings. Bitwise's hybrid ETF will offer investors direct exposure to Bitcoin (BTC) and Ethereum (ETH) in a single fund with Coinbase's custody business to oversee the fund's holdings.

[Read more](#)

IMF Urges Kenya to Modernize Crypto Regulations for Global Compliance

The International Monetary Fund (IMF) has called on Kenya to update its crypto regulations to align with global standards. The recommendation emphasizes the need for stronger consumer protection measures, financial stability safeguards, and adherence to Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) guidelines.

[Read more](#)

Bhutan's Gelephu Mindfulness City Pioneers Adoption of Digital Assets

Bhutan's Gelephu Mindfulness City (GMC), a special administrative region being developed as an economic hub, has revealed plans to create a strategic crypto reserve. The reserve will include significant assets such as Bitcoin, Ether, and BNB.

[Read more](#)

Jordan cabinet approves virtual asset regulation framework

The Jordan Cabinet has approved a comprehensive framework to regulate virtual and digital assets, with the goal of establishing clear governance mechanisms for the sector within the year. This decision is in line with the Future Technology Council's programs and supports the country's broader economic modernization vision.

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About Us

Bharat Web3 Association (BWA)



**BHARAT WEB3
ASSOCIATION**

Educate Collaborate Promote

Bharat Web3 Association (BWA), is a platform that brings together leading Web3 players to enable and support the growth of India's Web3 ecosystem which includes Virtual Asset Service Providers (VASPs), Web3 Developers and infrastructure providers.

BWA believes that India has the potential to lead the world over the next decade by building a strong Web3 ecosystem in the country, in line with the government's "Make-in-India" and Digital India initiatives.

Our Associates

