Twitter Thread by Vineet Patawari



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Better way to Invest in Gold -

The new Sovereign Gold Bond (SGB) issue opened today for subscription for 5 days from 17-21 May.

Thread on why consider SGB bonds vs physical gold this year-

1. Earn Interest:

Big Advantage - SGB offers 2.50% per annum interest. It will be credited to your bank account once every 6 months.

Physical gold sits ideal, gold bonds earn you money.

2. Safety:

Keeping gold safely is one of the major challenges that people have to face when buying gold.

However with SGB, gold is safe in a vault under Government surveillance.

Your bond can be kept in Demat format.

3. Purity:

Checking the purity while buying Physical Gold is a common problem but investing in SGB saves you from having to go through the trouble of checking purity as it is being issued by the Government and each unit you buy is backed by 99.9% pure 24-carat gold.

4. Collateral:

One of the lesser-known advantages of Sovereign Gold Bonds is that they can be hypothecated for taking loans which makes it equivalent if not better than buying physical gold.

5. Diversification:

It is a good opportunity for investors who can broaden and diversify their portfolio by investing in these SGB.

Just be aware of the lack of liquidity. If you need to cash out in less than 5yrs, then avoid this!

6. Tax Benefit:

GOI has exempt capital gains tax on redepmtion of SGB at the end of 8 years. Any capital gains arising at the time of redemption will be entirely tax-free.

However, the interest earned is taxable. But not TDS will be deducted.

You can buy SGB online through your bank or broker.

To know more about Gold as an investment, check free learning - https://t.co/jT4tqymNin

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