

# “How they stack up”

## Physical gold, Gold ETF and Sovereign Gold Bond

	Sovereign Gold Bond	Physical Gold	Gold ETF
Holding form	Physical certificate or Demat	Physical	Demat or physical certificate
Purity of Gold	999 as mentioned in the gold bullion standard	No guarantee	0.995 or as high as stated
Lock-in	<ul style="list-style-type: none"> <li>• 8 years (5-years mandatory) if held till maturity</li> <li>• Can be traded 2 weeks from issuance on stock exchanges</li> </ul>	None	None
Regular income	2.5% p.a. on face value of bond	Nil	Nil
Taxation	<ul style="list-style-type: none"> <li>• <b>No TDS</b> on interest and redemption proceeds</li> <li>• <b>Interest:</b> Taxed at applicable slab rates</li> <li>• <b>Capital gains:</b> Exempt if held till maturity</li> <li>• <b>Capital gains:</b> Taxed if redeemed early or sold in secondary market</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Within 3 years:</b> Realised gains are taxed at applicable slab rates</li> <li>• <b>After 3 years:</b> Realised gains taxed at 20% after indexation</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Within 3 years:</b> Realised gains are taxed at applicable slab rates</li> <li>• <b>After 3 years:</b> Realised gains taxed at 20% after indexation</li> </ul>
Redemption value	Average of closing price of gold of 999 purity of previous 3 business days from the date of repayment	Prevailing gold price	Gold ETFs are represented by 99.5% pure physical gold bars
Collateral against Loan	Yes	Yes	No
Holding cost	Nil	Storage cost	Fund management cost of 0.5-1.0%
Liquidit	<ul style="list-style-type: none"> <li>• Tradable on Exchange</li> <li>• Redemption when held in Demat form or from end of 5th year onwards</li> </ul>	Fairly liquid	Tradable on Exchange