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Bitcoin Insights: Asian Headwinds for Bitcoin

Original:

<https://www.btcc.com/en-US/academy/research-analysis/bitcoin-insights-asian-headwinds-for-bitcoin>

Over the past two months, [cryptocurrency](#) investors have been concerned about the economic impact of central bank rate hikes and Russia's invasion of Ukraine, which withdrew their commitment to cryptocurrencies, particularly Bitcoin, and caused prices to spike.

But recent events in Asia and other parts of the world have also weighed on markets. They offer the latest evidence that crypto is a complex organism, global by nature and subject to the same issues and events that affect other assets. Crypto, despite the contentions of its most passionate advocates, does not operate in a bubble.

Consider events from the past week in the Asia-Pacific Rim region, which have helped keep [bitcoin](#) range-bound with support at \$37,000 and resistance just under \$40,000. Cryptos' desultory performance has tracked similarly range-bound pricing in Asia's major equity markets.

The sluggishness of these assets has come amid continued draconian coronavirus-related lockdowns by the Chinese government that have hurt growth, and a record April heatwave in India that could hinder that country's vital agricultural exports.

Meanwhile, India's tax department is trying to raise more money from the country's burgeoning number of crypto investors, according to a recent report by the Economic Times. Citing two unnamed sources, the business publication said the agency could take up to 20% in taxes deducted at source (TDS) on interest earned by Indian residents on foreign platforms.

TDS is income tax on money paid at the time of a transaction, and also applies to the entities making such payments. The TDS on crypto transactions is currently 1% and is part of a new crypto tax law that goes into effect July 1.

A finance bill in April introduced a 30% tax on returns or profits made by Indians from

cryptocurrency investments. Trading volumes on the country's exchanges have since nosedived some 70% in the past month.

Additional taxes on passive investments could cause a further exodus of capital from exchanges. Some Indian entrepreneurs, such as the two founders of crypto exchange WazirX, have already moved with their families to Dubai, possibly due to its friendlier crypto regulations.

The company will keep its official headquarters in Mumbai, but WazirX said in a statement that it wanted to give "all the company employees the option to work from anywhere, subject to their comfort and convenience unless they are required to travel officially."