

# NFT Terms and Conditions (India)

Defines IP rights granted to NFT purchasers — copyright ownership, licence tiers, and royalties

## HOW TO USE THIS TEMPLATE

|    |  |
|----|--|
| 1. | Use when minting and selling NFTs to define exactly what rights buyers receive.            |
| 2. | Critical: buying an NFT does NOT automatically transfer copyright — you must specify this. |
| 3. | Three common models: no commercial rights / personal use licence / commercial use licence. |
| 4. | Be explicit about what happens when the NFT is resold — does the licence transfer?         |
| 5. | India's regulatory position on virtual digital assets is evolving — stay updated.          |

## PARTIES AND PROJECT DETAILS

|                        |   |
|------------------------|---|
| Creator / Issuer       | [Full legal name of the NFT creator or project entity]  |
| Creator Type           | [Individual / Company / DAO / Collective]               |
| Creator Contact        | [Email / Website / Social handle]                       |
| NFT Project Name       | [Name of the NFT collection or project]                 |
| Blockchain Network     | [Ethereum / Polygon / Solana / Other]                   |
| Smart Contract Address | [0x... or equivalent blockchain address, once deployed] |
| Total Collection Size  | [Number of NFTs in the collection]                      |
| Mint Date              | [DD Month YYYY or 'TBD']                                |
| Date of These Terms    | [DD Month YYYY]   |

## 1. DEFINITIONS

**"NFT" (Non-Fungible Token)** means a unique cryptographic token recorded on the Blockchain that represents ownership of the specific digital asset associated with that token, as part of the Collection.

**"Underlying Asset"** means the specific digital artwork, image, animation, audio, video, or other creative work associated with each NFT, as displayed on the NFT platform.

**"Owner"** means the person or entity who holds the NFT in their digital wallet at the relevant time.

**"Commercial Use"** means use of the Underlying Asset for the purpose of directly generating revenue, including but not limited to: selling merchandise; licensing the image to third parties; using the image in advertising; and creating derivative works for sale.

**"Personal Use"** means private, non-commercial display and enjoyment of the Underlying Asset, including displaying it as a profile picture or sharing it on personal social media for non-commercial purposes.

**"Royalty"** means the secondary sale royalty specified in the smart contract, which is automatically deducted on each resale of the NFT on compliant marketplaces.

## 2. WHAT YOU OWN WHEN YOU BUY THIS NFT

**2.1 Ownership of the Token.** When you purchase an NFT from this Collection, you own the cryptographic token recorded on the Blockchain. Your ownership is established and verifiable on the Blockchain.

**2.2 What You DO NOT Own.** Purchasing an NFT from this Collection does NOT give you ownership of: (a) the copyright in the Underlying Asset; (b) the Creator's intellectual property rights; (c) any trademark or brand associated with the Collection; or (d) any right to commercialise the Underlying Asset beyond the licence expressly granted in Clause 3.

**2.3 Copyright Ownership.** The Creator retains all copyright and intellectual property rights in all Underlying Assets in the Collection. No copyright is transferred by the purchase of any NFT.

## 3. LICENCE GRANTED TO OWNER — SELECT APPLICABLE TIER

The Creator grants each Owner the following licence to the Underlying Asset associated with the NFT held in the Owner's wallet:

| Licence Tier   | What is Permitted  | What is NOT Permitted  |
|--|--|--|
| Tier 1 — Personal Use Only (delete if not applicable)  | Display for personal, non-commercial use; use as profile picture; share on personal social media | Any commercial use; sublicensing; merchandise; advertising                               |
| Tier 2 — Limited Commercial (delete if not applicable) | All personal use PLUS: up to Rs.[X] annual revenue from merchandise; social media commercial use | Revenue above Rs.[X]; third-party licensing; advertising campaigns                       |
| Tier 3 — Full Commercial (delete if not applicable)    | All personal use PLUS: full commercial use including merchandise, advertising, and licensing     | Claiming authorship; registering trademarks in the image; sub-licensing to third parties |

**3.1 Applicable Tier.** The licence tier applicable to this Collection is: **[Tier 1 / Tier 2 / Tier 3]**. Delete inapplicable rows from the table above.

**3.2 Transfer of Licence on Resale.** When an Owner sells or transfers their NFT to a new Owner, the licence transfers to the new Owner and the previous Owner's licence immediately terminates.

**3.3 Licence Termination.** The licence terminates immediately if the Owner: (a) sells or transfers the NFT; (b) uses the Underlying Asset in violation of these Terms; or (c) violates any applicable law.

## 4. SECONDARY SALES AND ROYALTIES

|   |  |
|---|--|
| <b>Creator Royalty on Secondary Sales</b> | [X]% of the sale price on each secondary sale on compliant marketplaces        |
| <b>Royalty Enforcement</b>                | Enforced via smart contract where supported by marketplace                     |
| <b>Marketplace Compliance</b>             | Owner agrees not to circumvent royalties by selling on non-compliant platforms |

## 5. INDIAN TAX OBLIGATIONS

**5.1** Under the Finance Act 2022, income from transfer of Virtual Digital Assets (VDAs) — which may include NFTs — is taxed at 30% in India under Section 115BBH of the Income Tax Act 1961. A TDS of 1% applies under Section 194S on transfers above the specified threshold. Buyers and sellers of NFTs are responsible for their own tax compliance. These Terms do not constitute tax advice.

## 6. DISCLAIMERS AND LIMITATION OF LIABILITY

**6.1** NFTs are digital assets whose value is inherently speculative and may fluctuate. The Creator makes no representation regarding the future value of any NFT. The Creator shall not be liable for: any loss of value; any technical failure of the Blockchain; any loss of access to digital wallets; or any third-party marketplace failure.

## 7. GENERAL PROVISIONS

**7.1 Governing Law.** Governed by the laws of India. Disputes in courts of [City].

**7.2 Updates.** The Creator may update these Terms for future sales. Terms applicable to an NFT are those in effect at the time of original mint.

**7.3 Entire Agreement.** These Terms constitute the complete agreement regarding the IP rights associated with each NFT.

### IMPORTANT NOTE

India's regulatory framework for virtual digital assets is evolving. Tax at 30% applies under the Finance Act 2022. Consult a qualified tax and IP advocate before launching an NFT project. Template only — not legal advice.

## BLOCKCHAIN RISKS, REGULATORY FRAMEWORK, AND CREATOR OBLIGATIONS

**8.1 Technology Risks and Disclaimers.** The Owner acknowledges that NFTs involve inherent technological risks including: (a) blockchain network congestion, hard forks, or discontinuation that may affect the NFT's functionality; (b) loss of access to the NFT due to loss of private keys or wallet credentials — which is irreversible and not recoverable by the Creator; (c) marketplace platform risks including exchange closures, regulatory actions against platforms, or smart contract vulnerabilities; (d) gas fee volatility that may make certain blockchain transactions cost-prohibitive; and (e) the possibility that the blockchain or smart contract standard (e.g., ERC-721) may become obsolete. The Creator is not responsible for any losses arising from these technological risks.

**8.2 Indian Regulatory Framework.** As of 2023, NFTs may qualify as Virtual Digital Assets (VDAs) under Section 2(47A) of the Income Tax Act 1961 as amended by the Finance Act 2022. Key regulatory implications include: (a) gains from transfer of NFTs are taxed at 30% under Section 115BBH; (b) TDS at 1% applies on NFT transfers above Rs.50,000 per transaction (or Rs.10,000 for specified persons) under Section 194S; (c) no deduction for losses from one VDA against gains from another VDA; and (d) losses from NFT transfers cannot be carried forward. The Owner is solely responsible for all tax compliance obligations. These Terms do not constitute tax advice.

**8.3 FEMA and Foreign Exchange Compliance.** Transactions involving cross-border NFT purchases or royalty payments may be subject to the Foreign Exchange Management Act 1999 (FEMA) and RBI regulations. Indian residents purchasing NFTs from non-resident creators, or non-resident creators receiving INR payments, should obtain guidance on applicable FEMA reporting obligations. The Creator makes no representation about the FEMA compliance of any transaction.

**8.4 Creator's Authenticity Obligations.** The Creator warrants that: (a) all Underlying Assets in this Collection are original works created by the Creator or for which the Creator holds all necessary rights; (b) no Underlying Asset infringes the copyright, trademark, or other rights of any third party; (c) the Collection does not include any generative AI-created content for which copyright ownership is unclear; (d) the Creator has not minted duplicate NFTs representing the same Underlying Asset on any other blockchain or marketplace; and (e) the metadata associated with each NFT accurately describes the Underlying Asset.

**8.5 Metadata Permanence and IPFS.** The Creator shall use reasonable efforts to ensure that the metadata and Underlying Asset associated with each NFT remain accessible to Owners. Where possible, metadata and Underlying Assets shall be stored on IPFS (InterPlanetary File System) or other decentralised storage to reduce the risk of link rot. The Creator shall maintain the accessibility of Underlying Assets for at least [5] years from the mint date, after which the Creator shall endeavour to provide Owners with a copy of their Underlying Asset if the original storage becomes inaccessible.