

# Next year's ITR to have separate column for crypto income-Revenue Secy

Updated: February 2, 2022 22:53 IST

Income tax return forms from next year will have a separate column for making disclosures on gains made from cryptocurrencies and paying taxes, Revenue Secretary Tarun Bajaj said on Wednesday.

The government will from April 1 charge a 30 per cent tax plus cess and surcharges, on such transactions in the same manner as it treats winnings from horse races or other speculative transactions.

In an interview with PTI, Bajaj said gains from cryptocurrencies were always taxable and what the Budget proposed is not a new tax but providing certainty over the issue.

"The provision in the Finance Bill is related to taxation of virtual digital assets. It is to bring certainty in taxation of cryptocurrencies. It does not convey anything on its legality which would come out once the Bill (on regulating such assets) is introduced in Parliament," he said.

The government is working on legislation to regulate cryptocurrencies, but no draft has yet been released publicly.

In the meanwhile, a central bank-backed digital currency will start circulating in the next fiscal to usher in cheaper, more efficient currency management.

The 30 per cent plus applicable cesses and surcharge of 15 per cent on income above Rs 50 lakh will have to be paid on income from cryptocurrencies, he said adding the income tax return form from next year will have a separate column to declare gains from crypto.

"Next year ITR form will show a separate column for crypto. Yes, you will have to disclose," he said.

The launch of 'Digital Rupee' by RBI as well as a 30 per cent tax from April 1 on profits from digital asset transactions, including cryptocurrencies and non-fungible tokens (NFTs) was announced by Finance Minister Nirmala Sitharaman in her budget speech on Tuesday, as the country keeps pace with the global move toward virtual financial instruments.

"The Government was very clear that it has to push for a tax on income from crypto assets. So we have brought in maximum rate and levied 30 per cent, with an applicable surcharge. We have also brought in TDS, so we will now track the transactions," Bajaj said.

The Budget 2022-23 also proposed a 1 per cent TDS on payments towards virtual currencies beyond Rs 10,000 in a year and taxation of such gifts in the hands of the recipient. The threshold limit for TDS would be Rs 50,000 a year for specified persons, which include individuals/HUFs who are required to get their accounts audited under the I-T Act.

The provisions related to 1 per cent TDS will come into effect from July 1, 2022, while the gains will be taxed effective April 1.

## **Making Corporate India Comply**

Also, no deduction in respect of any expenditure or allowance shall be allowed while computing income from transactions in such assets. It has also specified that losses from the transfer of virtual digital assets will not be allowed to be set off against any other income.

No deduction has been allowed since cryptocurrencies and virtual digital assets do not have any economic value, except the underlying technology, Bajaj said.

The crypto market in India grew 641 per cent in the year through June 2021, according to an October report by industry research firm Chainalysis.

"It was always taxable, I am not saying it's not a new tax, I'm bringing certainty in tax. Now if you show crypto in the ITR form, you will have separate head crypto and it will charge you 30 per cent tax," he said, adding that the message behind the Budget announcement is that crypto is taxable.

Gains from crypto are chargeable to income tax even at present, Bajaj said, adding the Assessing Officer will assess the ITR based on crypto income that the assessee has shown.

"If somebody says it's a long-term capital gains tax (LTCG), he may say no it's not LTCG tax, it is a business income and hence liable to 30 per cent tax," he said.

With regard to taxability of cryptocurrency prior to April 1, 2022, Bajaj said, "For transactions before April 1 you will show in some head in your ITR and the Assessing Officer will do an assessment for you".

Giving example, he said currently trading in the derivative is not considered as investment or capital gain but is treated as business income.

"The Assessing Officer will take a call on what head crypto gains should be charged," the Secretary said.

Bajaj said the new currency that RBI will bring will also have the underlying blockchain technology.

"So, what we are also saying is that since it doesn't have economic value, we will not allow set-off of losses or carry off loses."

Bajaj said currently some people are showing crypto gains as income and paying taxes, but some people are not doing it. With TDS provision introduced, transaction information will reach tax department automatically.

(Only the headline and picture of this report may have been reworked by the Business Standard staff; the rest of the content is auto-generated from a syndicated feed.)