

Budget likely to consider levying TDS/TCS on crypto trading

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NEW DELHI

The government could consider in the upcoming budget levying TDS/TCS on sale and purchase of cryptocurrencies above a certain threshold, and such transactions should be brought within the ambit of specified transaction for the purpose of reporting to income tax authorities, Nangia Andersen LLP Tax Leader Aravind Srivatsan said.

Also, a higher tax rate of 30% should be levied on the income arising from the sale of cryptocurrency, similar to winnings from lottery, game shows, puzzle, etc., he said.

Srivatsan told PTI that India currently has the highest number of crypto owners globally,



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at 100 million and, according to a report, it is expected that the investment by Indians in cryptocurrency could touch \$241 million by 2030.

"A bill was expected to be presented during Winter Session of Parliament to regulate cryptocurrencies. However, it

was not introduced, and it is now expected that the government may take up this bill in the Budget Session. If the government does not prohibit Indians from dealing in cryptocurrencies, we expect that the government could introduce a regressive tax regime for cryptocur-

rencies," he noted.

He said considering the size of the market, the amount involved, and the risk coupled with cryptocurrencies, certain changes may be brought in the taxation of cryptocurrencies like bringing them under the provisions of tax deducted at source (TDS) and tax collected at source (TCS) above a threshold which will help the government get the "footprints of the investors".

Both sale and purchase of cryptocurrencies should be brought under the ambit of reporting in the Statement of Financial Transactions (SFT).

The trading companies already do similar reporting of sale and purchase of shares and units of mutual funds, he said.

To keep a watch on high value transactions undertaken

by the taxpayer, the income tax law has the concept of SFT, or reportable account.

This helps tax authorities to collect information on certain prescribed high value transactions undertaken by any person during the year.

Financial institutions, companies and stock market intermediaries fall within the purview of SFT reporting. Srivatsan said similar to winnings from lottery, game shows,

puzzle, etc., a higher tax rate of 30% should be levied on the income arising from the sale of cryptocurrency.

Ahead of the winter session of Parliament which ended 23

December, the government had listed for introduction a bill on regulating cryptocurrencies. The bill comes amid concerns over such currencies being allegedly used for luring investors with misleading claims. At present, there is no

regulation or ban on use of cryptocurrencies in India.

The 'Cryptocurrency and Regulation of Official Digital Currency Bill' is now expected to be introduced in

the Budget session of Parliament beginning 31 January.

Separately, the government is mulling changes in income tax laws to bring cryptocurrencies under the tax net.

Analysts said trading in crypto should be brought under the ambit of reporting in the statement of financial transactions

Budget 2022-23: Centre may levy TDS/TCS on crypto trading

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of specified transaction for the purpose of reporting to income tax authorities, Nangia Andersen LLP Tax Leader Aravind Srivatsan said. Also, a higher tax rate of 30 pc should be levied on the income arising from the sale of cryptocurrency, similar to winnings from lottery, game shows, he said. The Budget 2022-23 could have in store for the crypto industry in India, Srivatsan said currently, India has the highest number of crypto owners globally, at 10.07 cr and a report pegs crypto investment by Indians to touch \$241 million by 2030.

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Speaking to PTI on what the Budget 2022-23, to be unveiled by the government on February 1, could have in store for the crypto industry in India, Srivatsan said currently India has the highest number of crypto owners



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