



A disjointed response

Regulatory clarity on crypto-assets should have accompanied the tax on traders' profits.

Highlights:

1. One of the most striking moves in the Union Budget's taxation proposals for 2022-23 is the introduction of a taxation regime for virtual digital assets — evolving manifestations of cryptocurrencies, codes and non-fungible tokens.
2. Finance Minister Nirmala Sitharaman has proposed to tax all profits from transactions in such assets at 30% along with the applicable surcharge and cess, and a 1% tax to be deducted by buyers while trading in any virtual digital asset beyond a threshold.
3. While the tax on profits will apply from April 1, 2022, which officials said will not preclude profits already booked before that date from the tax liability, the TDS provisions aimed at creating a transaction trail for the tax authorities, will kick in from July 1.
4. While trading profits will be taxed at, according to crypto industry players, a higher rate compared to other jurisdictions, no deductions will be allowed on account of setting off losses from such trading or from any other capital losses.
5. The only deduction permitted would be the cost of acquiring the asset. The term 'property' under the I-T Act is being expanded to include virtual digital assets so that such assets received as a gift shall be taxable except when received from relatives.

क्रिप्टो पर लगेगा टैक्स, कटेगा टीडीएस

30% टैक्स वर्चुअल डिजिटल संपत्ति को ट्रांसफर करने से हुई आमदनी पर लगेगा।

01% TDS ऐसी वर्चुअल डिजिटल संपत्ति के ट्रांसफर होने पर देना होगा।

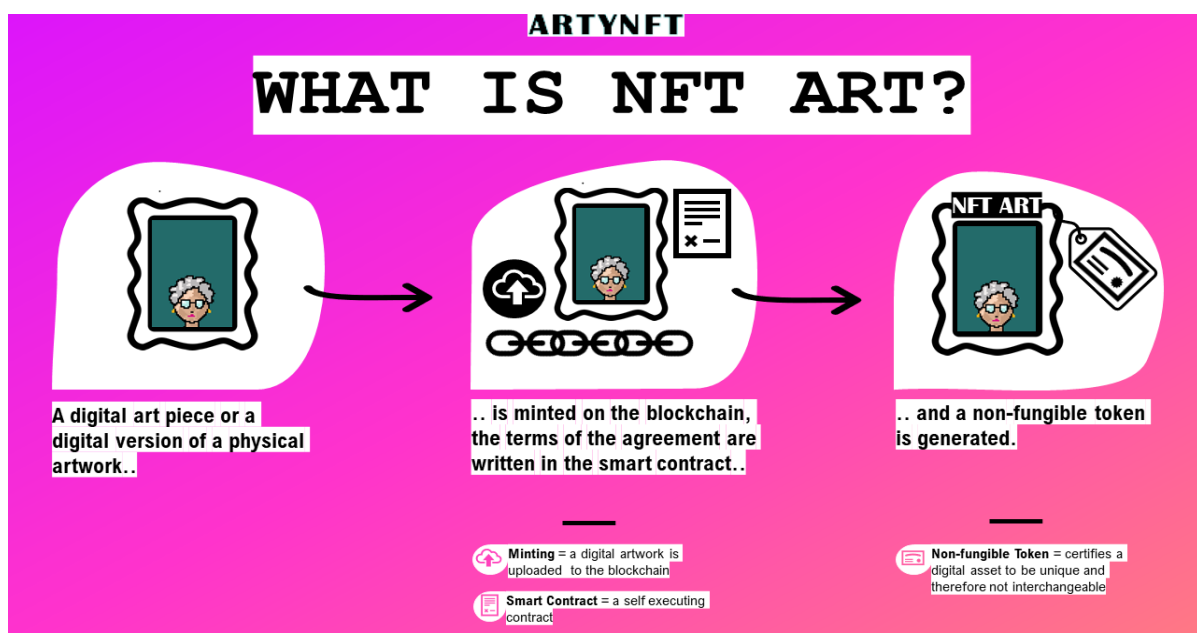
अगर तोहफे में ऐसी संपत्ति देते हैं तो रिसीवर टैक्स के दायरे में आएगा।



Legal status unclear:

1. However, the taxation regime by itself, Ms Sitharaman has emphasised, does not grant legitimacy to the trade in these currently unregulated assets. A consultation process is underway, which will determine the legal position of such assets.
2. This provides some relief for the growing flock of crypto investors. The Government may still not consider them fully legit, yet the tax regime indicates the hard option of an outright ban that was signalled in the nomenclature of a proposed crypto law last year is off the table.
3. All this time, India's youth, who the Prime Minister worried were being lured by crypto players' misleading ads, continue to be swayed, with no norms brought in place to rein in such ballyhoo, and no regulatory watch.
4. The delay in arriving at a decision on legitimacy also pre-empts Indian start-ups and innovators from developing products and ideas that can be scaled up globally given the nature of these assets.
5. The Government had indicated a forward-looking approach to crypto market oversight. It is time those words are matched with a clear regulatory framework soon instead of ambiguous waffling and dithering.

Understanding NFTs:





WHAT ARE NFTS?

NFTs are cryptographically secured tokens with their history of ownership and current owners stored on a blockchain.

They allow for **robust primary and secondary markets for digital goods**, cutting out middlemen and enabling creators to make the most of their work.

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|  ZOMBIE 1770 ETH |  APE 8,890 ETH |  ALIEN 23,000 ETH |
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