



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SET UP BY AN ACT OF PARLIMENT)

BENGALURU BRANCH OF SICASA OF ICAI

AUGUST 2024

NEWSLETTER





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Chairman's message



Dear Students of SICASA,

Wish you all a very Happy Independence Day! As India celebrates its 78th Independence Day with pride and a deep sense of patriotism, we reflect on the sacrifices and struggles of our forefathers who secured the freedom we now enjoy. This day is an opportunity to celebrate our rich history and envision a brighter future, honoring the bravery and resilience of those who paved the way. Following a hectic period of tax return filings, we are now gearing up for the audit period.

I would like to announce the upcoming Foundation Mock Test for September 2024 Exams, starting from 16th August 2024 (Series-II). Additionally, the Intermediate Mock Test for September 2024 Exams will also commence on the same date. These mock tests are an excellent opportunity for students to assess their readiness and identify areas that need improvement.

We are excited to announce a Final Crash Course in the month of October 2024, targeting the November 2024 Exams. This intensive program will focus on key topics and exam techniques to help students maximize their scores. Furthermore, a Foundation and Intermediate Crash Course will be offered in November 2024 for the January 2025 Exams. This course is designed to provide last-minute revision and practice to ensure students are thoroughly prepared.

I am delighted to congratulate all the students who have successfully passed their exams. Celebrate this achievement and continue to strive for excellence as you advance in your careers.

Also do remember, setbacks are a part of every journey. Each challenge you face is an opportunity to learn and grow stronger. Keep your spirits high, stay focused, and do not lose sight of your goals. Success will come to those who persist and remain dedicated.

With warm regards,
CA Pramod Hegde
Chairman, Bengaluru Branch (SIRC)

Sicasa Chairman's message

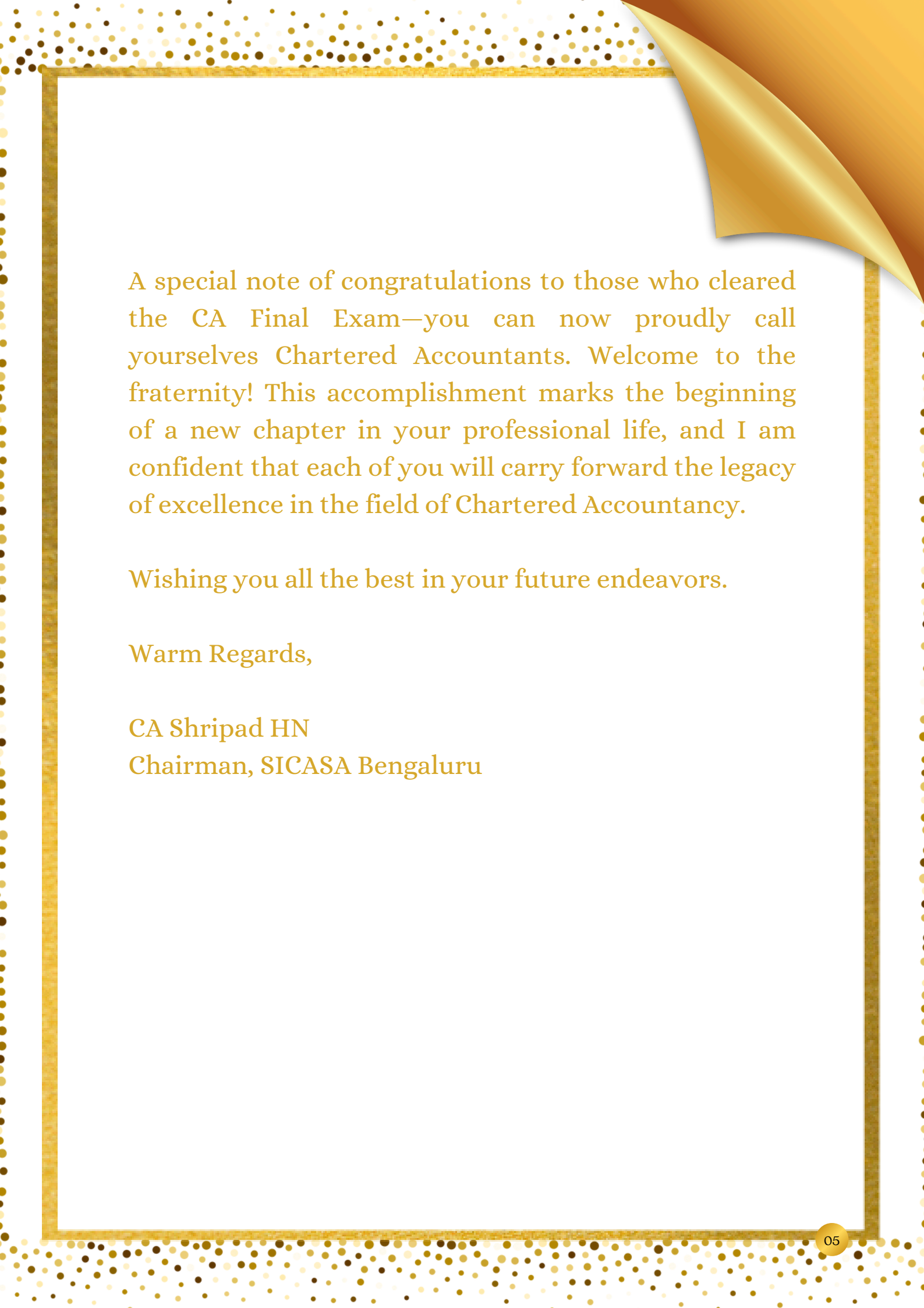


My dear young minds

As we reflect on the vibrant month of July, I am filled with pride and admiration for the enthusiasm and commitment each of you has shown. The month began with the joyous celebration of CA Day on July 1st, a day that brought together around 50 students along with renowned Chartered Accountants to honor our professions legacy and future.

Continuing the spirit of CA Day, we organized a blood donation, where 31 of our students selflessly donated blood, embodying the true spirit of service to society. Your participation in this noble cause reflects the values we uphold as future Chartered Accountants, committed to making a positive impact on the world around us.

I would also like to extend my heartfelt congratulations to all the students who cleared the Intermediate Exams. Your hard work and perseverance have paid off, and this achievement is a significant milestone in your journey.



A special note of congratulations to those who cleared the CA Final Exam—you can now proudly call yourselves Chartered Accountants. Welcome to the fraternity! This accomplishment marks the beginning of a new chapter in your professional life, and I am confident that each of you will carry forward the legacy of excellence in the field of Chartered Accountancy.

Wishing you all the best in your future endeavors.

Warm Regards,

CA Shripad HN
Chairman, SICASA Bengaluru

Southern Indian Chartered Accountants Student Association (SICASA)



CA PRAMOD R HEGDE
CHAIRMAN
BENGALURU BRANCH - SIRC



CA SHRIPAD HULGOL NARAYAN
SICASA CHAIRMAN
BENGALURU BRANCH - SIRC



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KARNATAKA HERITAGE

KARNATAKA HERITAGE

JOURNEY THROUGH TIME: "MYSORE"



KARNATAKA HERITAGE

Karnataka's history is marked by the reign of several powerful dynasties, including the Chalukyas, Hoysalas, Vijayanagara Empire, and the Wodeyars of Mysore. Each of these dynasties left an indelible mark on the region's architectural landscape.



Mysore Palace: The Mysore Palace, also known as the Amba Vilas Palace, is a symbol of Karnataka's royal heritage. Built in the Indo-Saracenic style, the palace is an architectural marvel with its grand durbar halls, intricate frescoes, and stained glass windows. The palace is also the centerpiece of the famous Mysore Dasara festival, a celebration of Karnataka's rich traditions.

KARNATAKA HERITAGE

Mysore Dasara: The Mysore Dasara is one of the most famous festivals in Karnataka, celebrated with great pomp and grandeur. The festival, which lasts for ten days, culminates in a grand procession featuring the idol of Goddess Chamundeshwari carried on a golden howdah atop an elephant. The entire city of Mysore is illuminated, and various cultural performances are held, making it a spectacle of Karnataka's heritage. Karnataka's heritage is a rich tapestry of history, culture, and natural beauty. From its architectural marvels to its vibrant festivals, the state offers a glimpse into a past that continues to influence its present. As Karnataka strides into the future, it remains deeply connected to its roots, preserving and celebrating its heritage with pride



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ARTICLE ON TAX POLICY ON CRYPTOCURRENCY

Understanding Regulatory Frameworks and Implications for Digital Assets

Taxation of cryptocurrency in India in 2024 is a revolution of the nation's approach to regulating and integrating emerging financial technologies into its economic framework. India's relationship with cryptocurrencies has been quite complex, with the government shifting between uncertainty and attempts to clarify regulations. A significant turning point came with the Finance Act of 2022, which introduced comprehensive tax provisions for virtual digital assets (VDAs). The measures were designed to bring crypto transactions into the formal economy, reduce tax evasion, and create a clear structure for this rapidly growing sector.

What are virtual digital assets (VDAs)?

- a) Any information or code or number or token:
- generated through cryptographic means,
 - providing a digital representation of value exchanged,
 - with a promise of having inherent value, or
 - functions as store of value including its use in any financial transaction or investment, &
 - can be transferred, stored or traded electronically

b) A non-fungible token (NFT) or other token of similar nature.

Exclude - NFT whose transfer results in transfer of ownership of underlying tangible asset and such transfer is legally enforceable.

c) Any other digital asset as may be notified by Central Government

Virtual Digital Assets **Excludes:**

- Indian Currency
- Foreign Currency and

Central Government has vide notification, excluded the following from definition of VDA:

(i) Gift card or vouchers (E.g., Amazon Gift card, BMS vouchers).

(ii) Mileage points, rewards points or loyalty cards used to obtain goods/services at discount

(iii) Subscription to websites or platforms or application

The Finance Act, 2022 inserted clause (47A) to Section 2 of the Income Tax Act, 1961 to define “Virtual Digital Assets”

EXAMPLES:

Cryptocurrency – A digital currency in which transactions are verified and records maintained by decentralized system using cryptography rather than by a centralized authority

NFT (as notified by government) – A digital asset that represent collectibles like art , music games, with an authentic certificate created by blockchain technology that underlies cryptocurrencies

Decentralized Finance (DeFi) – It means an assortment of financial applications that leveraged blockchain networks and technologies

What is cryptocurrency?

A cryptocurrency is a digital currency, which is an alternative form of payment created using encryption algorithms. The use of encryption technologies means that cryptocurrencies function both as a currency and as a virtual accounting system. To use cryptocurrencies, you need a cryptocurrency wallet. These wallets can be software that is a cloud-based service or is stored on your computer or on your mobile device. The wallets are the tool through which you store your encryption keys that confirm your identity and link to your cryptocurrency. Cryptocurrency is a digital payment system that doesn't rely on banks to verify transactions. Instead of being physical money carried around and exchanged in the real world, cryptocurrency payments exist purely as digital entries to an online database describing specific transactions. When you transfer cryptocurrency funds, the transactions are recorded in a public ledger. Cryptocurrency is stored in digital wallets.

Cryptocurrency received its name because it uses encryption to verify transactions. This means advanced coding is involved in storing and transmitting cryptocurrency data between wallets and public ledgers. The aim of encryption is to provide security and safety. The first cryptocurrency was Bitcoin, which was founded in 2009 and remains the best known today. Much of the interest in cryptocurrencies is to trade for profit, with speculators at times driving prices skyward.

How does cryptocurrency work? Cryptocurrencies

run on a distributed public ledger called blockchain, a record of all transactions updated and held by currency holders. Units of cryptocurrency are created through a process called mining, which involves using computer power to solve complicated mathematical problems that generate coins. Users can also buy the currencies from brokers, then store and spend them using cryptographic wallets. If you own cryptocurrency, you don't own anything tangible. What you own is a key that allows you to move a record or a unit of measure from one person to another without a trusted third party.

Is crypto a 'currency' or an 'asset'?

Crypto and NFTs were categorized as "Virtual Digital Assets" and Section 2(47A) was added to the Income Tax Act to define this term. The definition is quite detailed but mainly includes any information, code, number or token (not Indian or foreign fiat currency), generated through cryptographic means. In simple words, VDAs mean all types of crypto assets, including NFTs, tokens, and cryptocurrencies but it will not include gift cards or vouchers.

Is crypto taxed in India?

Yes, gains from cryptocurrency are taxable in India. In the 2022 budget, the finance minister introduced Section 115BBH. This section levies a 30% tax (plus applicable surcharge and 4% cess) on profits made by trading cryptocurrencies on or after April 1, 2022.

How is crypto taxed in India?

Crypto tax applies to all investors, whether private or commercial, who transfer digital assets during the year:

According to Section 115BBH – Gains/profits made by trading cryptocurrencies on or after April 1, 2022 are taxed at a rate of 30% (plus applicable surcharge and 4% cess)

Another section, 194S, levies a 1% Tax at Source (TDS) on the transfer of crypto assets on or after July 1, 2022, if crypto transactions exceed Rs 50,000 in a financial year (or Rs10,000 in certain cases) to ensure all crypto transactions are tracked. Assessee will be required to declare their income as capital gains if assets are held for investment purposes, or business income, if assets are held for trading purposes. Tax Rate remains same for both long-term and short-term gains, and it applies to all types of income earned by the investor.

When Assessee has to pay 30% tax on crypto in India?

Assessee may need to pay the 30% tax whenever Assessee make the following transactions:

- Selling crypto for INR or another fiat currency.
- Trading crypto for crypto, including stablecoins.
- Spending crypto on goods and services.

However, the 30% tax won't always apply as sometimes the ITD will consider it as income instead. In these instances, tax will be paid at the respective Individual Tax Rate on receipt. This includes:

- Gifting crypto.
- Getting paid in crypto for services.
- Receiving Salary in Cryptocurrency. Other than this tax, 1% TDS will also apply on sale of crypto assets of more than Rs 50,000 (or Rs 10,000 in certain cases).

Which Crypto Transactions are liable to tax in India?

If you engage in any of the following transactions, it will be taxable:

- Spending cryptocurrencies to purchase goods or services.
- Exchanging cryptocurrencies for other cryptocurrencies.
- Trading cryptocurrency using fiat currency such as ₹(INR)
- Receive crypto currency as payment for a service.
- Receiving cryptocurrency as a gift.
- Mining cryptocurrency.
- Drawing a salary in crypto.
- Staking crypto and earning stake benefits.
- Receiving Airdrops.

Which Head of Income Crypto falls?

The Government did not clarify regarding head of income under which virtual digital assets will be taxable.

Taxation under the head Business Income

If the transactions in virtual digital assets is frequent and voluminous, it may held that taxpayer is trading in such assets. In this case income from sale or transfer of virtual digital assets is taxable as business income. The income (net of cost of acquisition) will be taxable at the rate of 30% plus surcharge and cess.

Example: Mr. A has purchased 1,000 NFTs at Rs. 1,400 each on 16 July 2020. He transferred all NFTs at Rs 1,700 in the previous year 2022-23

The income under head business will be Rs 3,00,000 which will be taxable at rate of 30%. Under the head business income, surcharge can be levied upto 37%.

Where virtual digital assets are held as stock in trade, any income from sale/transfer shall be included under head Income from Business & Profession.

Taxation under the head Capital Gain

The Government did not clarify if the virtual digital assets is currency, commodity or security. Virtual digital assets may be classified as income under head capital gain if purchased by assessee for investments purpose. If gain arising from sale of virtual digital assets, then further classification relating to long-term or short-term gain would depend on period of holding of assets. If virtual digital assets are hold by assessee for more than 36 months from date of purchase, it will be treated as long term capital gain, otherwise as short-term capital gain. The tax shall be applicable at 30% plus surcharge and cess at Full value of consideration less cost of acquisition.

Example: Mr. A has purchased 1,000 NFTs at Rs. 1,400 each on 16 July 2020. He transferred all NFTs at Rs 1,700 in the previous year 2022-23 The income under head capital gain will be Rs 3,00,000 which will be taxable at rate of 30% irrespective of whether it is long term or short-term capital gain. If it is the long-term capital gain, surcharge will be restricted to 15% but in case of short-term capital gain, surcharge can be levied up to 37%

Taxation under head Income from other Sources

In case of stray transactions in virtual digital assets, the residuary head of income 'Income from Other Sources' found reporting of income from transaction in VDA which will be taxable at rate of 30% (net cost of acquisition) plus surcharge and cess.

Example: Mr. A has purchased 1,000 NFTs at Rs. 1,400 each on 16 July 2020. He transferred all NFTs at Rs 1,700 in the previous year 2022-23 The income under head income from other sources will be Rs 3,00,000 which will be taxable at rate of 30%. Surcharge on income from other sources can be levied up to 37%.

How to calculate tax on crypto

Profits from crypto are calculated in the same way as any other Capital Gains i.e.,

Profits = Sale Price - Cost Price Further, any other expense or allowance is not allowed to be deducted. Let's understand with the help of a practical illustration: Mr. Ram has purchased 1000 NFTs @ of 1000 each on 30-04-2017, he transferred 1000 units on 30-09-2022 @1200 each + 12000 brokerage.

COST	CONSIDERATION	Brokerage	Net Gain / Loss	Taxable Gain
10,00,000	12,00,000	12,000	1,88,000	2,00,000

Crypto Bookkeeping: The computation of tax on crypto, when you have a large amount of transactions in different exchanges and wallets, will be quite complex. Thus, one needs to implement crypto bookkeeping software to manage and consolidate all such transactions. This will help you generate reports like capital gain reports, Holding reports etc. It involves the following

- Importing all transactions like deposits, withdrawals, Trades etc., from different exchanges and wallets.
- The software will automatically recognize transactions like deposits, withdrawals, staking income, trades etc.
- Pending entries for categorization need to be classified.
- The last stage is closing balance verification. This ensures that the closing balance, as per actual holdings, matches the books.

DeFi income

The ITD has not released specific guidance on DeFi transactions. Instead, we need to refer to the existing provisions of the Income Tax Act for guidance. The following DeFi transactions may be taxed at your Individual Tax Rate upon receipt:

- Earning new liquidity mining tokens, governance, or reward tokens
- Referral rewards
- Play to earn income
- Browse to earn platforms like Permission.io or Brave

And even though you've paid tax upon receipt, don't forget you may be liable for 30% tax on any profits if you later sell, swap or spend those tokens.

Let us Understand TDS on Crypto Transactions

You'll pay a 1% TDS on the transfer of a crypto asset. TDS is a form of tax collected at the source. The primary reason the 1% TDS has been introduced is to capture transaction details and keep track of investments being made in crypto assets by Indian Investors.

Despite the confusing language from the ITD, transfer means a change of ownership, so a sale, trade, or spend - not transferring from one wallet to another.

There are a couple of important points to note on crypto TDS:

The 1% TDS applies to transactions from the 1st of July 2022.

When trading on Indian exchanges - TDS will be deducted by exchanges and deposited with the government.

When trading through P2P platforms or international exchanges - the buyer is liable to deduct TDS.

In the case of crypto-to-crypto trades, TDS will be applied to both buyer and seller at 1%.

To further complicate things, no TDS is required to be deducted if consideration is payable by a “specified person” and the total value of their crypto trading activities does not exceed RS50,000 in a single financial year.

What is a specified person?

A specified person refers to an individual or HUF (Hindu Undivided Family).

The TDS limit of RS50,000 reduces to RS10,000 for taxpayers other than a specified person, if:

You have sales/gross receipts/business income up to RS1 Crore or no income from business in the previous financial year.

You have sales/gross receipts/professional income up to RS50 Lakhs or no professional income in the previous financial year.

If you're trading on Indian exchanges - your TDS requirements will generally be fulfilled by the exchange itself, so you don't need to do anything. However, in the case of P2P and transactions on international exchanges, when it comes to paying and filing TDS as a specified person:

You're required to submit TDS in Form 26QE within 30 days from the end of the month in which TDS is deducted in case of P2P and transactions on international exchanges. This form is currently not yet available for filing on the income tax portal. Hence investors will need to wait for clarity from ITD on how to deposit the TDS. All taxpayers other than a specified person are required to obtain TAN, submit a return in Form 26Q on a quarterly basis, and make TDS payment by the 7th of next month. It is advisable to obtain the help of a qualified tax expert if you are required to file Form 26Q. As well as this, you can reduce your total tax payable by claiming a TDS credit when filing your tax return.

Tax on Airdrops

An airdrop refers to the process of distributing cryptocurrency tokens or coins directly to specific wallet addresses, generally for free. Airdrops are done to increase awareness about the token and increase liquidity in the early stages of a new currency. Airdrops are taxed at 30%.

On what amount will the airdrops be taxed?

Receiving crypto:

Airdrops will be taxed on the value determined as per Rule 11UA, i.e., at the fair market value of the tokens as on the date of receipt on exchanges or DEXes (Decentralized exchange). Tax will be levied at 30% on such value.

Sell, swap, or spend them later:

If you sell, swap or spend those tokens later, then 30% tax will be levied on the gains made.

Tax on mining cryptocurrency

Mining refers to the process of verifying and recording transactions on a blockchain network through the use of powerful computers or specialized mining hardware. In a blockchain network, transactions are verified by a group of nodes or computers, called miners, who compete to solve complex mathematical puzzles. The first miner to solve the puzzle is rewarded with a certain amount of cryptocurrency, which varies depending on the network. Mining income received will be taxed at flat 30%. The cost of acquisition for the crypto mining will be considered as 'Zero' for computing the gains at the time of sale. No expenses such as electricity cost or infra cost can be included in the cost of acquisition.

On what amount will crypto mining be taxed?

Receiving crypto:

Crypto assets received at the time of mining will be taxed on the value determined as per Rule 11UA, i.e., at the fair market value of the tokens as on the date of receipt on exchanges or DEXes. Tax will be levied at 30% on such value.

Sell, swap, or spend them later:

If you sell, swap or spend those assets later, 30% tax will be levied on the gains made.

Tax on Crypto Staking/Forging

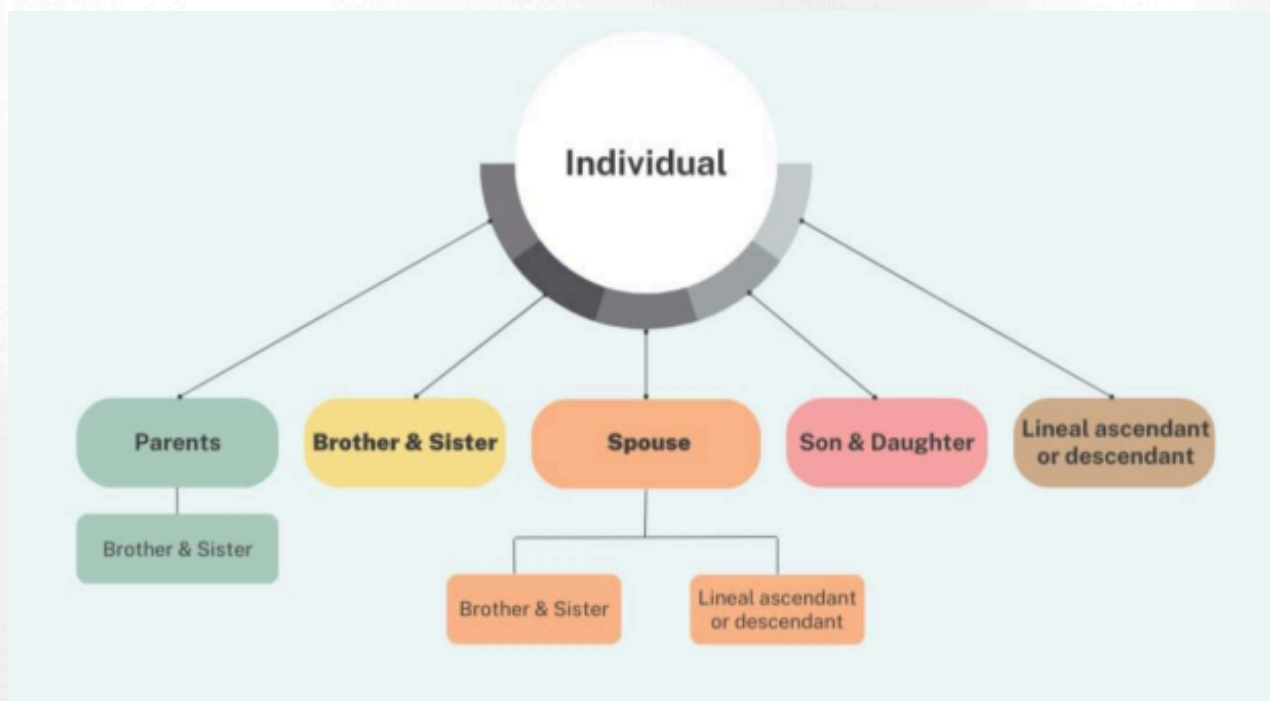
In the realm of cryptocurrencies, forging (or minting) refers to the process of generating new blocks in the blockchain using the Proof-of-Stake algorithm in exchange for rewards in the form of newly generated cryptocurrencies and commission fees.

If you stake cryptocurrency, you may have to pay taxes on your earnings. The amount you earn from staking depends on the Annual Percentage Rate (APR) offered by the validator. For instance, if you stake 100 coins with a 10% APR, you will earn 10% interest every year.

This income you earn from staking will be taxed at 30%. Additionally, when you sell your crypto asset, you will be liable to pay 30% Capital Gains Tax.

Tax on Crypto Gifts

Tax treatment on gifts differ based on whether it is money, immovable property or movable property. In Budget 2022, VDAs were included within the scope of movable properties. Therefore, crypto gifts received will be taxed as 'income from other sources' at regular slab rates if the total value of gifts is more than Rs 50,000. Cryptos can be gifted either through gift cards, crypto tokens or crypto paper wallets. Crypto received as gifts from relatives will be tax-exempt. However, if the value of the crypto gift from a non-relative exceeds Rs 50,000, it becomes taxable. Gifts received on special occasions, through inheritance or will, marriage, or in contemplation of death, are also exempt from taxes.



Transaction	Tax treatment
Buying Crypto	1% Tax Deducted at Source (TDS) by the exchange (excluding international & P2P trades)
Selling Crypto	30% tax on any Capital Gains
Trading Crypto for Crypto	30% tax on any Gains
Holding Crypto	Generally tax-free, but subject to capital gains tax upon disposal
Moving crypto between your own wallets	Generally tax-free; ensure proper documentation for audit trails
Airdrops of Crypto	Considered as income at your applicable tax rate; 30% tax if later sold
Mining rewards	Income Tax at your individual tax rate; 30% tax if later sold
Staking rewards	Income Tax at your individual tax rate; 30% tax if later sold
Gifts of crypto	The recipient will be subject to tax; exemptions is for gifts from close family
Donating crypto	Only cash donations are tax deductible; any perceived profits may be subject to 30% tax
Hard forks	Income Tax at your applicable tax rate upon receipt; 30% tax if later sold

Loss from Crypto Transactions

It's bad news for investors when it comes to losses from crypto investments.

As per Section 115BBH, any losses incurred in crypto cannot be offset against any income, including gains from cryptocurrency. So, a crypto investor cannot offset previous year losses from a crypto asset while filing their tax return.

Moreover, Indian investors in cryptocurrency are not permitted to claim expenses related to their crypto activities, except for the acquisition cost or purchase cost.

Example 1: Prajwal used deducted RS27,000 TDS and charged a trading fee of RS7,000. Prajwal has a loss of RS200,000 from BTC and a gain of RS100,000 from ETH. Section 115BBH does not allow Prajwal to offset his loss from BTC, or deduct his trading fees.

Therefore, Prajwal pays 30% tax on his RS100,000 profit, or RS30,000. He may also claim a TDS credit of RS27,000. Overall, Prajwal will need to pay RS3,000 as balance tax when he files his tax return.

Example 2: Mr. Aditya purchased Rs 60,000 worth of Bitcoins and later sold it for Rs 80,000. He also bought Ethereum worth Rs 40,000 and sold them for Rs 30,000. The exchange charged a trading fee of Rs 1,000. The tax on both these transactions shall be computed as under:

Currency	Sell (INR)	Buy (INR)	Profit/(Loss)	Tax Rate	Tax Amount
Ethereum	90,000	75,000	25,000	30%	7,500
Bitcoin	50,000	80,000	30,000	30%	-
Total Tax					7,500

Is any crypto tax free in India?

You won't pay tax on every crypto transaction.

- Holding crypto
- Transferring crypto between your own wallets
- Receiving a gift of crypto up to RS50,000 from friends and relatives
- Receiving a gift of crypto of any amount from close family members

Lost or stolen crypto in India

The ITD has not offered clear guidance on lost and stolen crypto. But based on various judgments passed by Indian courts on loss/theft of other kinds of assets, there is no tax payable on the crypto lost as a result of a hack, scam, or theft.

However, given the ITD's harsh stance on offsetting crypto losses against gains, it's very unlikely investors could claim and offset a loss from a lost/stolen crypto asset.

New penalties for avoiding TDS

Crypto Investors in India were dealt a major blow when the Indian government announced severe measures against traders not complying with the TDS rules.

As per the new provision, non-deduction and payment of TDS to the government can lead to not only 100% of the TDS amount as penalties but in certain cases may also lead to imprisonment for a period of 3 months to 7 years plus a fine. Let's look at the legislation with examples in detail.

Section 271C: Penalty for failure to deduct 1% TDS
If any taxpayer fails to deduct TDS, they may pay a penalty equal to the amount of TDS due levied by the Joint Commissioner.

Section 276B: Failure to pay TDS to Government

Any taxpayer who fails to pay TDS to the government may face imprisonment for a period of 3 months to 7 years! The fine and imprisonment are levied by the court of law on an application by the Income Tax Department with prior approval of the Joint Commissioner.

Whether rebate under section 87A of the Act is available

Particulars of Income of individual – Income from Salary Rs. 3,00,000 Interest income Rs. 50,000
Income from transfer of VDA Rs. 1,00,000

Solution: As per Section 87A of the Act if a resident individual's taxable income is upto Rs. 5 lakhs then they will get the benefit/tax rebate of Rs. 12,500 or the amount of tax whichever is lower.

The provisions relating to VDA is not clear whether the rebate under Section 87A can be claimed. This is the matter of clarification and should be considered thereof.

If rebate under Section 87A might be claimed on income from VDA then Tax as per the above example would be Nil as Total Income including income from VDA is Rs 4,50,0000 i.e. within the threshold limit prescribed for claiming rebate under Section 87A.

Income from Salary Rs. 3,00,000

Interest income Rs. 50,000

Income from transfer of VDA Rs. 2,00,000

If rebate under Section 87A might be claimed on income from VDA,

then Total income would be Rs. 5,50,000, therefore benefit of Section 87A would not be applicable as Total income exceeds Rs. 5,00,000. So Total tax on above income would be Rs. 67,600 (Tax on normal income upto Rs 2,50,000 is exempted. Tax over and above Rs. 2,50,000 is Rs. 5,000 as per slab rate for individual below 60 years and income from VDA is chargeable flat at 30% rate i.e. Rs. 60,000, plus surcharge and cess @ 4%)

If rebate under Section 87A not available on Income from VDA,

then as per above example: Total income for claiming Section 87A is Rs. 3,50,000, so no tax will be levied on total income other than income from VDA as it is below Rs. 5,00,000 Tax from VDA will be Rs. 62,400 (VDA will taxed at rate of 30% plus surcharge and cess @ 4%).

Disclosure of Crypto Assets in Schedule of Assets and Liabilities

The Ministry of Corporate Affairs (MCA) has made it mandatory to disclose gains and losses in virtual currencies. Also, the value of cryptocurrency as on the balance sheet date is to be reported. Accordingly, changes have been made in schedule III of the Companies Act starting from 1 April 2021. This mandate can be considered as the first move of the government towards regulating cryptocurrencies.

This mandate is only for companies, and no such compliance is required from the individual taxpayers. However, reporting and paying taxes on the gains on cryptocurrency is a must for all.

How to report cryptocurrency on tax return?

The investors will need to declare their cryptocurrency taxes using either the ITR-2 form (if reporting as capital gains) or the ITR-3 form (if reporting as business income). The new ITR forms include a specific section 'Schedule VDA' for reporting cryptocurrency gains or income. As per the standard income tax rules, the gains on the crypto-transactions would become taxable as

- (i) Business income, or
- (ii) Capital gains.

This classification will depend on the investors' intention and nature of these transactions.

Business income: If there are frequent trades and high volumes, gains from the cryptocurrency may be categorized as 'business income'. In such a case, the investor may use ITR-3 for reporting the crypto gains.

Capital gains: On the other hand, if the primary reason for owning the cryptocurrency is to benefit from long-term appreciation in value, then the gains would be classified as 'capital gains'. In this case, the investor may use ITR-2 for reporting the crypto gains.

Details of Crypto Currency or Digital Virtual Currency to be disclosed in the financial statements are:

Where the Company has traded or invested in Crypto currency or Virtual Currency during the financial year, the following shall be disclosed: -

- (a) profit or loss on transactions involving Crypto currency or Virtual Currency
- (b) amount of currency held as at the reporting date,
- (c) deposits or advances from any person for the purpose of trading or investing in Crypto Currency/ virtual currency.

Conclusion

Understanding the guidelines and regulations surrounding crypto taxation in India is crucial. Compliance with TDS obligations and timely filing of ITRs is essential. Hence it is important for investors to stay informed and seek expert advice. Keeping up with changes in tax laws is vital. Adhering to these guidelines ensures transparency, legality, and peace of mind when participating in crypto transactions in India

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PHOTOGRAPHY CORNER

PHOTOGRAPHY

CORNER



As the hardworking student looks up from his books and catches a glimpse of the sunset, a sense of calm washes over him. The vibrant hues of orange and pink painting the sky remind him that there's beauty in the world beyond his textbooks. The sunset signifies the end of another challenging day, a reward for his dedication and persistence. It's a moment to breathe, reflect, and appreciate how far he's come. The day's efforts may have been exhausting, but the sunset assures him that it's all worth it. Tomorrow is another opportunity to learn, grow, and chase his dreams.



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CA DAY JULY 01



BLOOD DONATION CAMP

JULY 01



CA

CONVOCATION

VOLUNTEERING

JULY 05





**DO YOU
KNOW ?**

CA GPT

As part of its Diamond Jubilee celebrations marking 75 years of excellence, the Institute of Chartered Accountants of India (ICAI) has launched CA GPT, a specialized AI tool developed in collaboration with OpenAI. This initiative aims to revolutionize the field of chartered accountancy by leveraging the power of Artificial Intelligence and Generative AI, ensuring that ICAI members and students are well-equipped to stay ahead in the rapidly evolving technological landscape.

BUDGET

HIGHLIGHT



BUDGET

HIGHLIGHT

Taxation Sector

Direct Tax

- Clubbing of some TDS @5% rate in 2% Bracket
- M-fund/Unit – Repurchased 20% Tax-Withdrawal
- E-Commerce operator- 1% to .1% Tax
- STCG on FA – From 15 to 20% , Other FA/NFA no change- Applicable Tax rate
- LTCG- FA/NFA : From 10% to 12.5% Tax
- Exemption increased in 112A from 1Lac to 1.25 Lac
- Unlisted Bond Debentures – Capital Gain Apply
- For Startup – Angel Tax – Abolished
- Foreign shipping Companies Safe Harbour Rule Apply
- Corporate Tax rate for Foreign Co – From 40% to 35%
- STT – Futures increased to .02% and Option .1% Tax

BUDGET

HIGHLIGHT

- Equity – BB of share- Taxable in hand of Recipient- Deemed Dividend perspective Tax- Shareholder hand- 100% Money BB will be tendered to Tax
- Payments made by a firm to its partner shall be subject to TDS at 10% for aggregate amounts more than ₹20,000 in a financial year.
- TDS is proposed on interest exceeding ₹10,000 on Floating Rate Savings (Taxable) Bonds (FRSB) 2020 or any other notified security of the Central or State Governments

BUDGET

HIGHLIGHT

Taxation Slab Rate changed as follows

INCOME	%
0-300000	NIL
300001-700000	5
700001-1000000	10
1000001-1200000	15
1200001-1500000	20
>1500000	30



SSF MEETINGS

JULY 14

MEET 305



AUDIENCE



ROLE PLAYERS

MEET 305



GENERAL EVALUATOR



**BEST IMPROMPTU
SPEAKER**



**BEST BUTTERFLY
SPEAKER**



**BEST BUTTERFLY
SPEAKER**

MEET 306



AUDIENCE



ROLE PLAYERS

MEET 306



GENERAL EVALUATOR

PREPARED SPEAKERS & INDIVIDUAL EVALUATORS



MEET 306

WINNERS



JULY 28

MEET 307



AUDIENCE



ROLE PLAYERS

MEET 307



GENERAL EVALUATOR

**PREPARED SPEAKERS
& INDIVIDUAL
EVALUATORS**



MEET 307

WINNERS





UPCOMING EVENTS

UPCOMING EVENTS

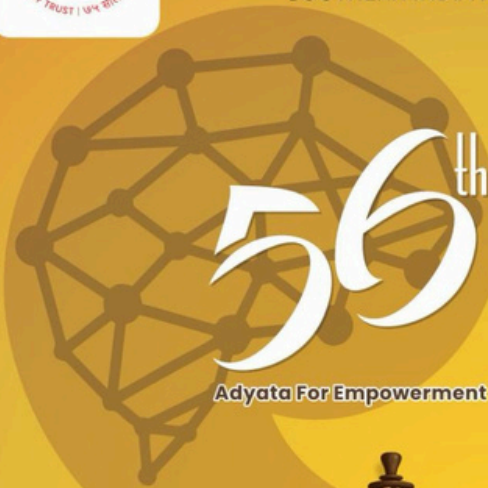


THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(Set up by an Act of Parliament)



SIRC

SOUTHERN INDIA REGIONAL COUNCIL



56th Regional Conference of SIRC of ICAI

Hosted by: BENGALURU BRANCH (SIRC)

Adyata For Empowerment



12
CPE
hrs

Friday & Saturday
9th & 10th
August 2024

Tripura Vasini,
Palace Grounds,
Bengaluru, Karnataka

For Registration: Please visit www.sirc-icai.org

Delegate Fee: <small>* INR GST Extra</small>		
Members Rs 5,000 <small>Price Up to 21st July 2024 EARLY BIRD</small>	Young Members Rs 4,000 <small>Price Up to 21st July 2024 EARLY BIRD</small>	Non Members Rs 7,500 <small>Price Up to 21st July 2024 EARLY BIRD</small>
Rs 6,000 <small>22nd July 2024 onwards</small>	Rs 6,000 <small>22nd July 2024 onwards</small>	Rs 7,500 <small>22nd July 2024 onwards</small>



- Exciting games and gifts awaiting !
- Exclusive networking lounge



CA. Geetha A B
Chairperson, SIRC OF ICAI



CA. Subba Rao Muppala
Secretary, SIRC OF ICAI

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