



Azadi Ka Amrit Mahotsav Activity

“Sky High- Symposium -18 Webinar” conducted by Women Members Empowerment Committee of ICAI on 10th August 2022

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)

Women Members Empowerment Committee Organises

Sky High - Symposium-18
Live Webinar
for Women by Women Every Wednesday

10th August, 2022
5.00 PM to 7.00 PM

FEES NIL

2 CPE Hours (Unstructured)

Registration and participation link:
<https://live.icai.org/wmec/10082022/>

Questions related to the topic may be sent in advance at wmec@icai.in or LIVE at the time of Webinar itself at the same link

Crypto Taxation in India **Resource Management Skills**

CA. Abhinaya M.A. **CA. Nisha Gala**

Welcome Address & Opening Remarks

CA. Sripriya Kumar
Chairperson, WMEC & CL&CGC
Vice-Chairperson, IBC Committee

CA. Priti Savla
Vice-Chairperson, WMEC, CL&CGC,
Sustainability Reporting Standards Board

Co-ordinators

CA. Kajol Shah **CA. Daya Bansal** **CA. Vrinda Vakharia**

As part of country wide Azadi ka Amrit Mahotsav initiatives, envisaged by Government of India, to commemorate and celebrate 75 years of India's Independence, the Women Members Empowerment Committee (WMEC) of ICAI organized “Sky High- Symposium -18 Webinar” on 10th August 2022.

CA. Abhinaya M.A. and CA. Nisha Gala were speakers of the said webinar. Coordinators for the day were CA. Kajol Shah, CA. Daya Bansal and CA. Vrinda Vakharia.

The program was conducted by CA. Priti Savla- Vice-Chairperson, WMEC.



The webinar covered discussion on “Crypto Taxation in India”. Deliberations were made on Crypto Market in India, Path of Crypto in India, Budget 2022, Types of VDAs, Gifts of VDAs, Section 115BBH, Section 194S, Compliance, Mechanism of Tax Deduction, Role of CAs, etc.

Crypto market in India

Indian Crypto Industry Market Size (\$ Mn)

FY	Market Size (\$ Mn)
FY 2018	100
FY 2021	139

39% Growth

India has become one of the largest market for Cryptocurrencies. Indians have parked nearly \$6.6 billion in cryptocurrencies until May 2022.

- 81 Growth in institutional Funding for Crypto Startups in India.
- 1.1x Overall Startup Funding growth in India.
- Over 230 crypto startups operating in India.
- Banking and Financial Services (20)
- Supply Chain and Logistics (2)
- Media and Entertainment (2)
- Healthcare (2)
- USD 6.6 Billion investments in crypto assets by retail investors in India.
- 612% Growth in Retail Holdings of Crypto Assets in India.

While the legality of crypto currencies is still not certain in India, there are loss of revenue to the exchequer with the crypto highly transactional. Hence, Indian Government introduced levy of Income tax on crypto transactions.

Path in India

- 2010 - 10,000 Bitcoins swapped for 2 pizzas
- 2008 - "Bitcoin: A peer to peer electronic cash system" was published by Satoshi Nakamoto
- 2018 - RBI issued a circular restraining banks, NBFCs and payment system providers from dealing with Virtual currencies
- 2013 - RBI issued Circular warning users of potential security related risks pertaining to the use of virtual currency
- 2020 - Supreme Court strikes down the Crypto banking ban, declaring RBI's circular as unconstitutional
- 2022 - India introduced income taxes on Virtual Digital assets

Budget 2022

No specific legislation in place for taxing Crypto/ NFTs

Before Budget 2022

After Budget 2022

While the Central Govt. did not clarify whether Crypto/ NFTs will be currency, commodity or security, a special taxation scheme is introduced for taxing Virtual Digital asset vide Budget 2022.

No clarification on legality of crypto transactions

Possible rise -
Income from Crypto/ NFTs taxable as:
- Business income (where such assets are considered as stock-in-trade)
(or)
- Capital gain (where such Crypto/ NFTs are considered as investments / capital assets)

CA. Rishabh MA

Types of VDAs

Payment tokens
Medium of exchange accepted by the public as payment for goods / services/ discharge of debt, not denominated in any currency and not pegged by its issuer. Can be transferred, stored or traded electronically.
Ex - Bitcoin

Utility tokens
Provides access to a future product/ service and offers users the right to a product/ service. Such tokens are provided during Initial Coin Offering.
Ex - Binance coin, Basic Attention Token

Security tokens
Derives value from external tradable asset.
Ex - PAXG token

Asset tokens
Derives value from Non-fungible underlying assets.
Ex - Beeple NFT

Section 115BBH

- W.e.f. April 1, 2022, Income from transfer of VDA shall be chargeable to tax @ 30%
- No deduction of any expenditure / allowance shall be allowed, except for cost of acquisition
- No set off of losses against the income from transfer of VDA
- Losses arising from transfer of VDA shall neither be set off against income from any other VDA/ asset nor be carried forward

TRANSFER w/o 21(47)

- Sale
- Exchange
- Relinquishment
- Extinction of any rights therein
- Compulsory acquisition thereof under any law
- Treatment / Conversion of capital asset as stock-in-trade of a business carried on by him

Gift of VDAs

- Section 56(2)(x) of the IT Act taxes recipient of "property" without consideration (or) without adequate consideration, where Fair Market Value of such property exceeds INR 50,000
- Explanation to Section 56(2)(x) defines "Property" to include Virtual Digital asset
- Calculation of FMV for VDA not yet provided in Rule 11UA:
 - Market value could be considered as FMV
 - Volatility in prices of VDAs to be factored
- Specific instances -
 - Crypto airdrops
 - Coins earned through gaming
 - Crypto miners/ stakers earning crypto coins for their services

Section 194S - Outlook

Deductor (Any person responsible for paying) → Consideration for transfer of VDA → **Deductee** (Resident transferee)

Deduct tax @ 1% on consideration

At the time of credit or payment, whichever is earlier

- Applicable w.e.f. July 1, 2022
- Section 194S shall prevail over Section 194-O/ 194Q
- Tax shall be deductible only on net consideration after excluding GST/charges levied by the deductor for rendering services

Exceptions

- Person responsible for paying is a 'specified person' and Value / aggregate value ≤ INR 50,000
- Person responsible for paying is other than a 'specified person' and Value / aggregate value ≤ INR 10,000

Specified person = Individual/ HUF not subjected to tax audit - Individual/ HUF not having any income under the head 'PGDP'

Specified persons not required to obtain TAN; Need not deduct tax at higher rate w/s 206AB

Compliance

Form of consideration	Compliance
Transfer of VDAs for cash consideration	TDS to be remitted on before 7 th of the following month
Exchange of VDAs / Transfer for consideration in kind	Transferee to ensure that taxes are paid before releasing the consideration

Consequences of non-compliance

- Disallowance of expenditure w/s 40(a)(a)
- Person responsible to pay consideration treated as 'assessee-in-default'
- Interest w/s 201(1A) for non-deduction of tax/ payment of TDS
- Penalty w/s 271C equivalent to TDS amount
- Prosecution w/s 276B - 3 months to 7 years with fine

Forms

- Form 26QE - to be filed by specified persons
- Form 26QF - to be filed by exchange (quarterly)
- Form 26Q - to be filed by other deductors (quarterly)

No possibility to obtain lower deduction certificate

Mechanism of tax deduction

Situation 1a

Buyer → Consideration for transfer of VDA → Seller

Buyer → VDA → Seller

Deduct tax @ 1%

At the time of credit or payment, whichever is earlier

Situation 1b

Buyer → VDA → Seller

Seller → VDA → Buyer

Both buyer and seller to pay tax and prove to the other person

CBIC CIRCULAR NO. 13/2022 Dated 22-06-2022 and 14/2022 Dated 28-06-2022

Role of CAs

- Peruse the transaction of transactions on VDA and determine the income arising from transfer of VDAs.
- Ensure that no losses arising from transfer of VDAs are set off/ carried forward
- Include verification of transactions on VDA and related compliance aspects as a part of audit programme
- Flag off to the client wherever tax compliance is required. If the client is apprehensive, provide other suggestions:
 - Obtaining a declaration from transferor/ exchange/ broker that tax has been paid on such transaction
 - Wherever necessary, arrange for indemnity in case of demands that could arise on account of default in deduction/ payment of TDS
- Report the transactions in Clause 34(a) of Tax audit report
- Liaise with the Government for more clarity required in implementing the provisions of Section 115BBH and 194S

The webinar also covered Session on “Resource Management”. Topics discussed were Meaning of Resource, Challenges in Resource Management, Managing People, Key HR Trends, Stages of Resource Management, Recruitment Process, Training, Motivation, Performance Appraisal, Retaining Talent, etc.

RESOURCES

a stock or supply of money, materials, staff, and other assets that can be drawn on by a person or organization in order to function effectively.

EVERYTHING THAT HELPSeven FAMILY

Managing People

People are not your most important asset. The right people are.

Jim Collins, Author of Good to Great

*Finding Right people
Salaries
Integrity
Retrenchment
Lack of Motivation
Upgradation
Redundancy
etc.etc.*

3 Key HR Trends You Should Know

FinancesOnline

1 Top reasons for near-term exits among Millennials

disatisfaction with pay/financial rewards	43%
not enough opportunities to advance	35%
they don't feel appreciated	26%
lack of flexibility (poor work/life balance)	21%
benefits	15%
they don't like the workplace culture	13%

2 Top HR challenges

employee retention / turnover	47%
recruitment	36%
culture management	34%
employee engagement	31%

3 Top reasons people choose short-term work

earn extra money	38%
learn new skills	33%
flexible schedule	32%
try different jobs or roles	31%
spend time with family	28%

STAGES

- RECRUIT
- TRAIN
- INVEST
- NURTURE
- HANDHOLD
- GROW

RECRUITMENT

Do a Team Assessment	• Check for Role change , spare capacity , team requirements
Plan Early	• Leaves , Client dependencies, expected settling time, prospective work
Avoid /Reduce Stop Gap Arrangements	• It costs time and energy
Clarity	• What is required and what is expected (Job Profile /Role)

RECRUITMENT : INTERVIEW PROCESS

CHECK	ASK	TELL
Qualification , Background , Family Background , Extra curricular activities , Interests, Resume accuracy.	Career aspirations , proudest moments ,failures faced, any goals in life	What you are looking for , what is expected , what opportunities are available and so on.

For Articles : Additionally Online Tests/Written Exams can be a way to assess their intellect.

TRAINING

On the Job /Off the Job
Inhouse /External
Structured / Unstructured
Voluntary /Compulsory

MOTIVATION

- Sharing responsibilities
- Involvement and Participation
- Acts of Kindness
- Warm gestures
- Sponsorships
- Growth opportunities

PERFORMANCE APPRAISALS

SHOULD BE

- looked at as a tool not only for past performance but for defining future growth
- considered as an opportunity to give progressive feedback and also receive feedback
- taken as a mechanism for Self Introspection & Self Review

MUST

- Happen at all levels
- Be a regular process
- Be Followed up with an Action Plan

MAY

- or May not be linked to Incentives and Bonus
- Be More General than Specific Initially
- Be a combination of Objective and Subjective parameters

RETAINING TALENT

WHAT HAVE BEEN YOUR CHALLENGES ?

- 01 Understand needs Match up if possible Provide solutions
- 02 Share Firm goals Inclusiveness Have employee goals Intrapreneurship
- 03 Look for hints early Training & Mentoring Provide Challenges Empowerment
- 04 Avoid Favoritism Refrain office politics Equal opportunities
- 05 Provide Alternatives Flexihours Work from Home
- 06 Ownership Sharing responsibilities Listen & Show Concern Nurture
- 01 Financial Goals
- 02 Better Growth prospects
- 03 Saturation
- 04 Non-Conducive Environment
- 06 Lack of Belongness
- 05 Health Issues /Personal Issues

The webinar concluded by giving Vote of Thanks to the Speakers and the participants.

Glimpses of the Webinar held on 10th August 2022





CA DAYA BANSAL VASAI BRANCH COMMITTEE MEMBER



CA Nisha Gala



CA. Abhinaya M.A.



SECRETARY, VAPI BRANCH OF WIRC OF ICAI

