FAST FACTS
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The COMMUNIQUE

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Our CFO Speaks

Crypto taxation - As the dust settles down!

The Union budget gave all crypto traders a news that will change the way trading in crypto is looked at. The budget brought transactions in crypto under the tax bracket. This made the traders cheer on the pretext that trading in crypto will be legalised, however this has been denied by many government officials. Taxation of an activity does not imply legality of the same, like in case of gambling.

So now the aspects of this move that are here to stay are that the transfer is charged at 30% and when surcharge and cess is added to it the range will be between 33 to 42 percent. There is no deduction of expense, there will be no setting off of losses, gifting of crypto will also be taxed and TDS will be levied at 1 percent.

Clearly all efforts are made by the Government to ensure that dealing in crypto is discouraged. The concern has been that the naive investors might just look at the buzz created by the virtual asset and lose their actual assets. Imposing a unilateral ban or single government regulating this is not possible as the ecosystem is virtual. So the only option is to impose high taxes that will deter the investors and exchanges.

The crypto players are definitely not happy with this but the move stands in the light of the law of common good of the community. While it seems unfair to few people it stands to benefit the larger community and gullible investors.

Globally efforts are being made to regulate this trading and a global framework will be the only way to ensure that the virtual assets are traded in a safe environment and naive investors are not being lured to it. The future of crypto trading will unfold as regulators across the globe form policies to regulate it, till then Indian crypto traders will have to choose to trade with heavy tax liabilities.

Inside the Edition

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WHAT'S NEW – WebFams

WebFAMS (Web based Fixed Asset Solution) has the following new features:

- GST Integration with Cygnate Portal for sales and transfers
- Cost Centre wise Allocation reporting
- Assignment of User Access Rights to physical location

Never miss a date

April 10th	GSTR 07 for the month of March - A monthly return filed by individuals who deduct tax at source or TDS under the Goods and Services Tax (GST)
April 10th	GSTR 08 for the month of March - A return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST
April 11th	GSTR 01 (Turnover more than 1.5 crore) for the month of March – Details tax liability
April 13th	GSTR 01 (Turnover less than 1.5 crore) for the month of March – Details tax liability
April 20th	GSTR 3B for the month of March 2022 - a monthly self-declaration to be filed by a registered GST dealer along with GSTR 1 and GSTR 2 return forms

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TRANSFORMATION STORY-

AN INDIAN MULTINATIONAL
PAINT COMPANY SOLVES TDS WOES

Challenge

- TDS Filing delay
- Compliance to new sections
- PAN – AADHAR Linking
- Data Integrity in case of outsourcing
- Inaccuracy of returns
- Manual data massaging tedious task

Solution

TdsPac for Enterprise is a complete solution that offers automation for all the aspects of the TDS deposit, return filing and compliance. Add on features like PAN-AADHAR Linking ensure total compliance and accuracy.

Result

- Timely filing of returns
- Total compliance to all section of TDS
- PAN- AADHAR Linking provided
- Data integrity maintained
- Accuracy of returns
- Automated filing of returns

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ALL YOU NEED TO KNOW - INFRASTRUCTURE DEBT FUND GUIDELINES MODIFIED

The Ministry of Finance notified Income Tax (8th Amendment) Rule, 2022 on the 6th of April 2022. The amendment will be in force with immediate effect and aims to amend the parent guidelines of the Infrastructure Debt Fund in the parent rules of the Income Tax, 1961.

Key Points
Notification 28/2022, dated 06-04-2022

- Section 10 of the Income Tax Act provides a list of income that does not form a part of the assessee's total income, which means that there are certain incomes that need not be included in the total income forming part of the five heads of income.

- Section 10(47) of the Act states that any income of an infrastructure debt fund set up in accordance with the guidelines as prescribed by the Central Government will be exempt from tax provided the Infrastructure Debt Fund complies with Rule 2F of the Income Tax Rules 1962 and provisions of the Income Tax Act.

- Rule 2F(3) had allowed the fund to issue rupee denominated bonds or foreign currency bonds. Now the Central Board of Direct Taxes has substituted the said rule to allow Infrastructure Debt funds to issue zero coupon bonds in accordance with Rule 8B.

- Rule 8B that provides guidelines for notification of zero coupon bonds has also been amended. The following are the key changes
  - Prior to amendment, Rule 8B allowed only an Infrastructure Capital Company or Infrastructure Capital Fund or a Public Sector Company to make an application for the issuance of zero coupon bond. Now Infrastructure Debt Fund is also added to the list.
  - The time limit for disposing of the application of zero coupon bond is within 6 months from the date of receipt of the application. No such time limit was prescribed earlier.
  - Reference to 'Companies Act 1956' has been substituted by 'Companies Act 2013'.
  - An undertaking shall be submitted by the infrastructure debt fund for a sinking fund to be maintained for the interest accrued on all the zero coupon bonds subscribed. Such interest shall be invested in Government security as defined under section 2(f) of the Government Securities Act, 2006.
  - A certificate from a Chartered Accountant must be submitted by Companies issuing zero coupon bonds specifying the amount invested in each year. The Board has notified that such certificate shall be submitted in Form No. 5BA. Such a form was not prescribed under Rule 8B earlier.

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This financial year focus on business while we take care of compliances!

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