

TAXTIME

NEWSLETTER

DIRECT TAX NEWS

TAXING CRYPTOS, A SOVEREIGN RIGHT; BAN ANOTHER ISSUE: FM



Finance Minister Nirmala Sitharaman on Friday said taxing cryptocurrency is the right of the sovereign, and that the issue of banning it or not will be decided separately.

“Whether it is legitimate or illegitimate is a different question, but I will tax because it is a sovereign right to tax,” Sitharaman said, while replying to a debate on the general discussion on the Budget in the Rajya Sabha.

The Lok Sabha had completed the discussion on Thursday. With this, Parliament has concluded the first part of the Budget. Demands for grants and tax proposals will be taken up for debate and passage when both Houses reassemble after recess on March 14.

The issue of taxation on crypto, which the Budget has termed Virtual Digital Asset (VDA), has been hogging the limelight after it was proposed to levy a 30 per cent tax on it, besides the TDS (Tax Deducted at Source). Also, gifting of such assets will be taxed in the hands of the recipient. The government has also clarified that consultation has been happening on the regulatory issue.

EXPANDING THE TAX BASE, KEY TO IT RATIONALISATION: REVENUE SECRETARY



Rationalisation of income tax levels is an “important aspect” but to do that, the tax base must be large enough, Revenue Secretary Tarun Bajaj has said.

A key issue is that a very small section is actually paying income tax, he said, adding that new regulations are coming up to ensure more people pay up, but the government needs to work more on it.

“With regard to the income tax levels, what is more important is rationalisation and not reduction because if the reduction is into play, the exemptions need to be lifted. The rationalisation of taxes is an important aspect. But before this, it must be ensured that the tax base is large so that there is not much reduction in the tax revenue,” Bajaj said at the fourth edition of India Economic e-conclave organised by the Bengal Chamber of Commerce and Industry here on Friday.

According to him, the new income tax regime has not been well laid out because for those earning up to ₹8-9 lakh, it makes no sense to move to the new plan. This is because, in the older structure, with exemptions, no tax is paid; on the other hand, in the new tax structure, people need to pay income tax as soon as their income exceeds ₹2.5 lakh, he added. The government is in the process of analysing the data related to this and once this is corrected, the country will move in the right direction. “We expect more people to pay taxes. Close to 11 crore people file taxes through the TDS route but only around 7 crore file returns. This situation needs to be improved,” he said.

GROUP OF MINISTERS ON GST FOR CASINOS, RACE COURSE AND ONLINE GAMING RECONSTITUTED



The Finance Ministry has reconstituted the Group of Ministers to look into GST issues related to casinos, race courses and online gaming. However, there is no change in the Terms of Reference (ToR)

Meghalaya Chief Minister K Sangma will be the convenor, replacing Nitin Patel, who was dropped from the Gujarat’s Council of Ministers in September last year. The GST rate applicable on online games involving betting or gambling is 28 per cent, and GST rate applicable on games not involving betting or gambling is 18 per cent.

According to the ToR, the committee is to deliberate on four issues. It will examine the valuation of services provided by casinos, race courses and online gaming portals, and taxability of certain transactions in a casino. This will be done taking into account the existing legal provisions and orders of courts on related matters.

The committee has been asked to suggest whether any change is required on the legal provisions to adopt better means of valuation of these services (casinos, race course and online gaming). It will examine the administration of such valuation provision if alternative means of valuation is recommended. It will also evaluate impact on other similarity placed services like lottery.

TODAY'S QUOTE

"Your talent determines what you can do.

Your motivation determines how much you're willing to do.

Your attitude determines how well you do it."

-Lou Holtz

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