



Introduction

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Virtual Digital Assets (VDAs) include crypto assets, Non-Fungible Tokens (NFTs), and any other digital assets, excluding Indian currency, CBDCs, Foreign currency, and notified digital assets. Income from the transfer of VDAs is computed without any deduction except for the cost of acquisition and taxed at a flat rate of 30% plus surcharge and cess.

Meaning of Virtual Digital Asset (VDA)

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Virtual Digital Asset includes:

- Information or code or number or token generated through cryptographic means [Section 2(47A)(a)];
- Notified Non-fungible token (NFT) [Section 2(47A)(b)];
- Any other notified digital asset [Section 2(47A)(c)]; and
- Any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions [Section 2(47A)(d)].

and excludes:

- Indian Currency;
- Central Bank Digital Currency (CBDC);
- Foreign Currency;
- Physical NFT [Notification No. 75, dated 30-06-2022];
- Gift Card or Vouchers [Notification No. 74, dated 30-06-2022];
- Rewards Points or Loyalty Cards [Notification No. 74, dated 30-06-2022];
- Subscription of Websites or Applications [Notification No. 74, dated 30-06-2022]; and
- Notified Digital Assets.

Tax Computation on the transfer of VDA

Tax Computation on the transfer of VDA [Section 115BBH]

The income arising from the transfer of virtual digital assets shall be computed in the following manner:

Particulars	Amount (Rs.)
Full Value of Consideration	XXXX
Less: Cost of Acquisition (if any)	(XXXX)
Taxable Income (Capital Gains/Business Income)	XXXX

The income from the transfer of VDA shall be taxable at the rate of 30% without deduction of any expenditure (other than the cost of acquisition, if any) or allowance or set-off of any loss.

TDS on the transfer of VDA

TDS on the transfer of VDA [Section 194S]

1% TDS applies under Section 194S when payment is made to a resident for the transfer of VDA. If the payment is made to a non-resident, TDS shall be deducted under Section 195. No TDS is required if the payment does not exceed Rs. 50,000 (if the payer is an individual/HUF with a business turnover below Rs. 1 crore or professional receipts below Rs. 50 lakh or not having any business/profession income) and Rs. 10,000 (for all other payers).

Reporting of crypto-asset transactions

Reporting of crypto-asset transactions [Section 285BAA]

Specified reporting entities must report transactions involving crypto-assets (as defined in Section 2(47A)(d)) in a prescribed form and timeline.