
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No : NCDEX/FINANCE & ACCOUNTS-001/2013/209
Date : June 24, 2013
Subject : Imposition of Commodity Transaction Tax

Trading and Clearing Members are notified as under, in terms of the Bye-Laws, Rules and Regulations of the Exchange.

Commodity Transaction Tax (CTT) has been introduced in the Finance Act 2013. The provisions for the same are contained in Chapter VII of the said Act.

Forward Markets Commission vide Circular No. 16/1/2013-MKT-I dated June 21, 2013 (Annexure 1) has informed that the Department of Revenue, Central Board of Direct Taxes has issued a Notification No. 46/2013/F.No.142/09/2013-TPL dated June 19, 2013 notifying the Commodity Transaction Rules, 2013 (CTT Rules-2013), providing for levy of CTT on taxable commodities transactions. Copy of the said Notification is attached as Annexure 2.

CTT will be applicable with effect from July 1, 2013 on sale transactions of commodity futures (except exempted agricultural commodities as mentioned in Annexure 3) at the rate of 0.01 per cent. Such tax shall be payable by the Seller.

Members may note that in compliance of the CTT Rules-2013, the undernoted procedure will be followed by the Exchange in respect of the calculation of CTT:

- i) CTT shall be determined at the end of each trading day.
- ii) For the purpose of calculation of CTT, transactions shall be identified based on the client code entered by the members at the time of order entry on the Exchange trading system and as may be modified by the member using the client code modification facility provided by the Exchange within the prescribed time. In respect of proprietary transactions the member code shall be deemed to be the client code.
- iii) The value of taxable commodities transaction shall be determined with respect to the transaction executed under a particular client codes. Therefore, the Exchange shall only reckon the client code entered by the member while placing the order or as may be modified within the prescribed time. It is therefore imperative that members exercise extreme caution and diligence while entering the client code at the time of entering an order.
- iv) For each client code, all the sell transactions for a trading day shall be aggregated at contract level.
- v) For the purpose of determining CTT liability, the taxable commodities transaction shall be valued at the actual traded price. On this value, the CTT rate as prescribed shall be applied.

- vi) The trading member's CTT liability shall be the aggregate CTT liability of clients trading through him and the clearing member's CTT liability shall be the aggregate CTT liability of all trading members clearing under him.

Process with regard to the implementation of the collection of CTT are as under:

- **Reports on CTT liability**

A report shall be provided to the members at the end of each trading day. This report shall contain information on the total CTT liability, trading member wise CTT liability, client wise CTT liability and the detailed computations for determining the client wise CTT liability.

- **Pay-in of funds**

The CTT amount shall be collected from the Clearing Member as per the timelines stipulated for the funds pay-in on a daily basis. A separate transaction shall be created and the amount shall be collected from the settlement account of members through their clearing banks as per the process currently followed in respect of settlement obligations.

- **Failure to pay funds**

Non-payment of CTT will be treated as non-fulfillment of settlement obligations for the purpose of all consequential actions against the member

- **Information to clients**

The contract notes issued to clients by the members on a daily basis should specify the total commodities transaction tax for the transactions mentioned therein. Members may issue the CTT details on annual basis (within one month from the close of the financial year) to their respective clients, unless required by the clients otherwise.

Members are also advised to peruse the Chapter VII of Finance Act, 2013 & CTT Rules, 2013 and keep themselves updated on any amendments thereto for effective compliance.

For and on behalf of

National Commodity & Derivatives Exchange Limited

Komal Shahani
Senior Vice President – Finance & Accounts

For any clarifications on this circular, please contact

1. Customer Service Group on phone: 022 6640 6613 -15, 011 2334 4795
2. Customer Service Group by e-mail to : askus@ncdex.com

ANNEXURE 1



USHA SURESH IES
Economic Adviser

वायदा बाज़ार आयोग
FORWARD MARKETS COMMISSION
भारत सरकार
GOVERNMENT OF INDIA

'एवरेस्ट', तीसरी मंज़िल, १०० मरीन ड्राईव, मुंबई - ४०० ००२.
'EVEREST', 3rd Floor, 100, Marine Drive, Mumbai - 400 002.

No. 16/1/2013-MKT-I

Dated 21st June, 2013

To

(All Commodity Exchanges as per list enclosed)

Sub: Notification of Rules for purposes of Commodities Transaction Tax (CTT)

Sir,

This is to inform that the Department of Revenue, Central Board of Direct Taxes has issued a Notification No.45/2013 dated 19th June, 2013 providing for levy of commodities transaction tax on taxable commodities transactions. The CTT will come into force from 1st day of July, 2013. The notification has been uploaded on the website www.incometaxindia.gov.in.

2. All exchanges are directed to immediately bring the provisions of Chapter VII of the Finance Act, 2013 to the notice of the members and also put in place a system for compiling the information and to collect tax as per provisions contained in the Act read with the Rules.
3. Compliance in this regard may be informed to the Commission before 28th June, 2013.

Yours faithfully,

Usha Suresh
(Usha Suresh)
Economic Adviser

New Delhi, the 19 June, 2013

NOTIFICATION

COMMODITIES TRANSACTION TAX RULES, 2013

S.O. 1769 (E).- In exercise of the powers conferred by sub-sections (1) and (2) of section 133 of the Finance Act, 2013 (17 of 2013), the Central Government hereby makes the following rules relating to commodities transaction tax, namely:-

1. Short title and commencement. — (1) These rules may be called the Commodities Transaction Tax Rules, 2013.

(2) They shall come into force on the 1st day of July, 2013.

2. Definitions. — (1) In these rules, unless the context otherwise requires,-

(a) "Act" means the Finance Act, 2013 (17 of 2013);

(b) "authorised bank" means any bank as may be appointed by the Reserve Bank of India as its agent under the provisions of sub-section (1) of section 45 of the Reserve Bank of India Act, 1934 (2 of 1934);

(c) "Form" means a Form set out in the Appendix to these rules.

(2) Words and expressions used and not defined in these rules but defined in the Act, the Forward Contracts (Regulation) Act, 1952 (74 of 1952), the Income-tax Act, 1961 (43 of 1961), or the rules made thereunder, shall have the meanings respectively assigned to them in those Acts and rules.

3. Agricultural commodities. — For the purposes of clause (7) of section 116 of the Act, the agricultural commodities shall be the following, namely:-

- (i) Almond
- (ii) Barley
- (iii) Cardamom
- (iv) Castor Seed
- (v) Channa/Gram
- (vi) Copra
- (vii) Coriander/Dhaniya
- (viii) Cotton
- (ix) Cotton seed Oilcake/Kapasias Khali
- (x) Guar Seed
- (xi) Isabgul Seed

- (xii) Jeera (Cumin Seed)
- (xiii) Kapas
- (xiv) Maize Feed
- (xv) Pepper
- (xvi) Potato
- (xvii) Rape/Mustard Seed
- (xviii) Raw Jute
- (xix) Red Chilli
- (xx) Soya bean/seed
- (xxi) Soymeal
- (xxii) Turmeric
- (xxiii) Wheat

4. Rounding off value of taxable commodities transaction, commodities transaction tax, etc. — The value of taxable commodities transaction and the amount of commodities transaction tax, interest and penalty payable, and the amount of refund due, under the provisions of Chapter VII of the Act shall be rounded off to the nearest rupee and, for this purpose, where such amount contains a part of a rupee consisting of paise then, if such part is fifty paise or more, it shall be increased to one rupee and if such part is less than fifty paise it shall be ignored.

5. Payment of commodities transaction tax. — Every recognised association, who is required to collect and pay commodities transaction tax under section 119 of the Act, shall pay the amount of such tax to the credit of the Central Government by remitting it into any branch of the Reserve Bank of India or of the State Bank of India or of any authorised Bank accompanied by a commodities transaction tax challan.

6. Return of taxable commodities transactions. — (1) The return of taxable commodities transactions required to be furnished under sub-section (1) of section 120 of the Act shall be in Form No. 1, verified in the manner indicated therein, and may be furnished in any of the following manners, namely:-

- (i) furnishing the return in paper form;
- (ii) furnishing the return electronically under digital signature:

Provided that where the return is furnished in the manner provided in clause (i) the particulars required to be furnished in the Schedules to Form No. 1 referred to in sub-rule (1) shall be furnished on a computer media, in accordance with the following, -

- (a) the computer media conforms to the following specifications:-
 - (i) CD ROM of 650 MB capacity or higher capacity; or
 - (ii) Digital Video Disc;
- (b) if the data relating to the Schedules are copied using data compression or backup software utility, the corresponding software utility or procedure for its decompression or restoration shall also be furnished; and
- (c) the return shall be accompanied by a certificate regarding clean and virus free data.

(2) The return of taxable commodities transaction entered into during a financial year shall be furnished on or before the 30th June immediately following that financial year.

(3) The Director-General of Income-tax (Systems) shall specify the procedures, formats and standards for ensuring secure capture and transmission of data and shall also be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to furnishing the returns in the manners specified in clause (ii) of sub-rule (1).

7. Return by whom to be signed. — The return under sub-section (1) of section 120 of the Act shall be signed and verified in the case of a recognised association, —

- (i) being a company, by the managing director or a director thereof; and
- (ii) in any other case, by the principal officer thereof.

8. Time limit to be specified in the notice calling for return of taxable commodities transaction. — Where an assessee fails to furnish the return under sub-section (1) of section 120 of the Act within the time specified in sub-rule (2) of rule 6, the Assessing Officer may issue a notice to such person requiring him to furnish, within thirty days from the date of service of the notice, a return in the Form prescribed in rule 6 and verified in the manner indicated therein.

9. Notice of demand. — Where any tax, interest or penalty is payable in consequence of any order passed under the provisions of Chapter VII of the Act, the Assessing Officer shall serve upon the assessee a notice of demand in Form No. 2 specifying the sum so payable.

10. Prescribed time for refund of tax to the person from whom such amount was collected. — Every assessee, in case any amount is refunded to it on assessment under sub-section (2) of section 121 of the Act, shall, within thirty days from the date of receipt of such amount, refund the same to the concerned person from whom it was collected.

11. Form of appeal to Commissioner of Income-tax (Appeals). — (1) An appeal under sub-section (1) of section 129 of the Act to the Commissioner (Appeals) shall be made in Form No. 3.

(2) The form of appeal prescribed by sub-rule (1), the grounds of appeal and the form of verification appended thereto relating to an assessee shall be signed and verified by the person who is authorised to sign the return of taxable commodities transactions under rule 7, as applicable to the assessee.

12. Form of appeal to Appellate Tribunal. — An appeal under sub-section (1) or sub-section (2) of section 130 of the Act to the Appellate Tribunal shall be made in Form No. 4, and where the appeal is made by the assessee, the form of appeal, the grounds of appeal and the form of verification appended thereto shall be signed by the person specified in rule 7.

VERIFICATION

I, _____ (full name in block letters), son/ daughter of _____ having permanent account number _____ solemnly declare that to the best of my knowledge and belief the information given in this return and schedules accompanying it is correct and complete and that the total value of taxable commodities transactions and other particulars shown therein are truly stated and are in accordance with provisions of Chapter VII of the Finance Act, 2013 and Commodities Transaction Tax Rules, 2013.

I further declare that I am making this return in my capacity as _____ and I am also competent to make this return and verify it.

Date _____

Place _____

(Name and Signature)

SCHEDULE - A

Sl. No.	Clearing member code	Member name	Member Code		PAN of member	Details of intermediary, if any		Client name	Client PAN	Unique client code	Value of taxable commodities transactions (in Rs.)	Commodities transaction tax collectible (in Rs.)
			Regulator/FMC unique member code	Association Member code		Name	PAN					
1	2	3	4	5	6	7	8	9	10	11	12	13
TOTAL												

SCHEDULE - B

Month	Value of taxable commodities transactions during the month	Commodities transaction tax collectible (in Rs.)	Commodities transaction tax collected (in Rs.)	Commodities transaction tax paid (in Rs.)	Interest payable u/s. 123 (in Rs.)	Interest paid u/s. 123 (in Rs.)	Particulars of payment of commodities transaction tax/ interest u/s. 123					
							Tax/ Interest (in Rs.)	Name of the bank branch	BSR code of bank branch	Date of deposit	Serial No. of challan	Amount (in Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13
TOTAL												

NOTES:

1. This Form must be used by a recognised association only.
2. Details required in Schedules A & B may be furnished on computer media as specified in rule 6.
3. Details required in Schedules A & B may be given separately for each Member/ Intermediary code and Clearing Member Code as the case may be. Particulars of Client Name, client PAN and unique client code should be given wherever available.
4. Details required in Schedule B may be given separately for each month giving sub- total for each month also.

FORM NO. 2
[See rule 9 of Commodities Transaction Tax Rules, 2013]
Notice of demand

CTTS - 2

To

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.....
.....

Status.....
PAN.....

1. This is to give you notice that for the financial year, a sum of Rs., details of which are given on the reverse, has been determined to be payable by you.
2. The amount should be paid to the Manager, authorised Bank or State Bank of India or Reserve Bank of India at within days of the service of this notice. The previous approval of the Additional/ Joint Commissioner of Income-tax has been obtained for allowing a period of less than 30 days for the payment of the above sum. A challan is enclosed for the purpose of payment.
3. If you do not pay the amount within the period specified above, you shall be liable to pay simple interest at one per cent for every month or part of a month from the date commencing after the end of the period aforesaid in accordance with section 220(2) of the Income-tax Act, 1961 read with section 128 of the Finance Act, 2013.
4. If you do not pay the amount of the tax within the period specified above, penalty (which may be as much as the amount of tax in arrear) may be imposed upon you after giving you a reasonable opportunity of being heard in accordance with section 221 of the Income-tax Act, 1961 read with section 128 of the Finance Act, 2013.
5. If you do not pay the amount within the period specified above, proceedings for the recovery thereof will be taken in accordance with sections 222, 227, 229 and 232 of the Income-tax Act, 1961 read with section 128 of the Finance Act, 2013.
6. If you intend to appeal against the assessment or penalty, you may present an appeal under section 129 of the Finance Act, 2013, to the Commissioner of Income-tax (Appeals)..... within thirty days of the receipt of this notice, in Form No. 3 as prescribed in rule 11, duly stamped and verified as laid down in that form.
7. The amount has become due as a result of the order of the Commissioner of Income-tax (Appeals) under section 129 of the Finance Act, 2013. If you intend to appeal against the aforesaid order, you may present an appeal under section 130 of the said Act to the Income-tax Appellate Tribunalwithin sixty days of the receipt of that order, in Form No. 4, as prescribed in rule 12, duly stamped and verified as laid down in that form.

Place

Date.....

.....
Assessing Officer

.....
Address

Notes:

1. Delete inappropriate paragraphs and words.
2. If you wish to pay the amount by cheque, the cheque shall be drawn in favour of the Manager, authorised Bank or State Bank of India or Reserve Bank of India.
3. If you intend to seek extension of time for payment of the amount or propose to make the payment by installments, the application for such extension or as the case may be, permission to pay by installments, shall be made to the Assessing Officer before the expiry of the period specified in paragraph 2. Any request received after the expiry of the said period will not be entertained in view of the specific provisions of section 220(3) of the Income-tax Act, 1961.

FORM NO. 3

[See rule 11 of Commodities Transaction Tax Rules, 2013]
Appeal to the Commissioner of Income-tax (Appeals)
Designation of the Commissioner (Appeals)

CTTS - 3

*No.....of 20.....

1. Name and address of the appellant
2. Permanent Account Number
3. Financial year in connection with which the appeal is preferred
4. Assessing Officer passing the order appealed against
5. Section and sub-section of Chapter VII of the Finance Act, 2013, under which the Assessing Officer passed the order appealed against and the date of such order
6. Where the appeal relates to any assessment or penalty, the date of service of the relevant notice of demand
7. In any other case, the date of service of the intimation of the order appealed against
8. Section and sub-section of Chapter VII of the Finance Act, 2013, under which the appeal is preferred
9. Where a return has been filed by the appellant for the financial year in connection with which the appeal is preferred, whether tax due on the value of taxable commodities transaction returned has been paid in full (if the answer is in the affirmative, give details of date of payment and amount paid)
10. Relief claimed in appeal
11. **Where an appeal in relation to any other financial year is pending in the case of the appellant with any Commissioner (Appeals), give the details as to the -
 - (a) Commissioner (Appeals), with whom the appeal is pending;
 - (b) Financial year in connection with which the appeal has been preferred;
 - (c) Assessing Officer passing the order appealed against;
 - (d) Section and sub-section of Chapter VII of the Finance Act, 2013, under which the Assessing Officer passed the order appealed against and the date of such order
12. Address to which notices may be sent to the appellant

.....
 Signed
 (Appellant)

STATEMENT OF FACTS
 GROUNDS OF APPEAL

.....
 Signed
 (Appellant)

Form of Verification

I,, the appellant, do hereby declare that what is stated above is true to the best of my information and belief.

Verified today the day of

Place

.....
 Signature

Notes:

1. The form of appeal, grounds of appeal and the form of verification appended thereto shall be signed by a person in accordance with the provisions of rule 7 of Commodities Transaction Rules, 2013.
2. The memorandum of appeal, statement of facts and the grounds of appeal shall be in duplicate accompanied by a copy of the order appealed against and the notice of demand in original, if any.
3. Delete the inappropriate words.
4. *These particulars will be filled in in the office of the Commissioner (Appeals).
5. If the space provided herein is insufficient, separate enclosures may be used for the purpose.
6. **If appeals are pending in relation to more than one financial year, separate particulars in respect of each financial year may be given.
7. The memorandum of appeal shall be accompanied by a fee of one thousand rupees.
8. The fee should be credited in a branch of the authorised Bank or a branch of the State Bank of India or a branch of the Reserve Bank of India after obtaining a challan from the Assessing Officer.

[Notification No. 46/2013 /F. No. 142/09/2013-TPL]

(Gaurav Kanaujia)
Director to the Government of India

Annexure 3

(List of Commodities on which CTT is not applicable)

Agricultural commodities. – For the purposes of clause (7) of section 116 of the Act, the agricultural commodities shall be the following, namely:-

- (i) Almond
- (ii) Barley
- (iii) Cardamom
- (iv) Castor Seed
- (v) Channa/Gram
- (vi) Copra
- (vii) Coriander/Dhaniya
- (viii) Cotton
- (ix) Cotton seed Oilcake/Kapasias Khali
- (x) Guar Seed
- (xi) Isabgul Seed
- (xii) Jeera (Cumin Seed)
- (xiii) Kapas
- (xiv) Maize Feed
- (xv) Pepper
- (xvi) Potato
- (xvii) Rape/Mustard Seed
- (xviii) Raw Jute
- (xix) Red Chilli
- (xx) Soya Bean/seed
- (xxi) Soymeal
- (xxii) Turmeric
- (xxiii) Wheat