

Commodities Transaction Tax

In terms of the provisions of the Rules, Bye laws and Business Rules of the Exchange, the members of the Exchange are notified as under.

Commodities Transaction Tax (CTT) has been introduced in the Finance Act 2013. The FMC vide Circular No. 16/1/2013-MKT-I dated 21st June 2013 (**Annexure A-i**) has informed 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 and that CTT will be applicable with effect from 1st July, 2013 as per notification (**Annexure A-ii**) uploaded on www.incometaxindia.gov.in

CTT on the transactions executed on the Exchange will be charged at the rate mentioned below:

Sr. No.	Taxable commodities transaction	Rate	Payable by
1	Sale of futures in commodities (except exempted agricultural commodities as mentioned in Annexure B)	0.01 per cent	Seller

Members may note that the following procedure will be adopted by the Exchange in respect of the calculation and collection of CTT:

1. CTT is applicable on transactions for futures contracts as stated above.
2. CTT shall be determined at the end of each trading day.
3. All the transactions shall be identified based on the client code placed by the members at the time of order entered/ modified on the trading system of the Exchange 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.
4. Members are advised to note that under the CTT Rules 2013, the value of taxable commodities transaction shall be determined with respect to the trade executed under a particular client code. 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.
5. For each client code, all the sell transactions for a trading day shall be aggregated at contract level.

6. For the purpose of determining CTT liability value of taxable Commodities transaction shall be valued at the actual traded price. On this value, the CTT rate as prescribed shall be applied.
7. 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.

- **Information to members**

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 also 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 note to be 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 clarifications, members may contact the Customer Service Desk of the Exchange at +91-22-66494040 or send an email at customersupport@mcxindia.com.

Hemant Vastani
CFO - Finance & Accounts

Encl: As above

Kindly contact Customer Service Team on 022 – 6649 4040 or send an email at customersupport@mcxindia.com for any clarification.