

FinMin meets Sebi, market players for STT consultation

As the demands for lowering statutory levy on share trading get the backing of the Securities and Exchange Board of India (Sebi), the finance ministry today held a meeting to discuss the rationalisation of the Securities Transaction Tax (STT).

However, the final proposal will be presented only in the Budget 2012-13, an official source said.

“The idea is to rationalise STT so that the volumes in the capital markets increase without sacrificing revenue,” an official said after the meeting, which was attended by representatives of stock exchanges, brokers associations and Sebi. The source said the stock brokers sought removal of the levy, which they claimed was obstructing growth of the equity culture in the country.

STT was introduced by Finance Minister P Chidambaram in 2004 to circumvent avoidance of capital gains tax. STT is paid while buying or selling a share and gets added to the price during the transaction. However, one has to pay tax even if there are no gains.

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