

Govt. Allows Deduction of CTT as Part of Business Income

In a relief to commodity exchanges, the government has allowed deduction of Commodity Transaction Tax (CTT) to traders as it forms part of their business income.

The move will benefit Multi Commodity Exchange of India (MCX), National Commodity and Derivatives Exchange (NCDEX), and Universal Commodity Exchange (UCX). The government may withdraw the recognition of these exchanges if found violating specified income tax norms.

This notification will remain in force until the approval granted by the commodity markets regulator Forward Markets Commission is withdrawn or expires.

Reacting on the development MCX said: "Trading on Exchange will get tax benefit deduction under Section 43(5) of the Income Tax Act". This will instill confidence in the market, increase hedgers' participation and put commodity futures trading at par with other exchange-traded asset classes, it said.

CTT of 0.01%, imposed on both buyer and seller of commodity on exchange platform came into effect on July 1. It is applicable on non-agricultural commodities and 11 processed foods. The tax imposed has dampened the business of these exchanges and their turnover has come down by 32% to Rs 74.16 lakh crore so far this fiscal.

(Economic Times)