

Finance Ministry to notify Commodity Transaction Tax soon

Finance Ministry will soon notify implementation of Commodity Transaction Tax (CTT) which will be levied primarily on processed agricultural commodities, including sugar, soya oil and mentha oil.

About 11 processed farm commodities would attract CTT, which will be levied at the rate of 0.01 per cent of the transaction value. These would include sugar, guar gum, mentha oil, soya oil and rapeseed oil.

"We are working hard to implement CTT as soon as possible. It would be applicable on futures trading," sources said.

According to sources, as many as 30 pure agro commodities, including wheat, barley and chana, are likely to be kept out of the ambit of CTT.

Coriander, cardamom, cotton and guar seed is also likely to be out of the CTT, sources said.

CTT is like Securities Transaction Tax (STT) and would not be applicable on spot trading.

In Budget 2013-14, CTT was proposed at the rate of 0.01 per cent of the transaction value and payable by the seller, which would work out to Rs 10 for transaction worth Rs one lakh.

The turnover from futures trade contributed around 15 per cent of total trade in commodity segment. The remaining 85 per cent business came from bullion, metals and energy items.

Sources said the implementation of CTT has been delayed as there has been consultations between the stakeholders and the Finance Ministry over the number of commodities which are to be kept out of the purview of the levy.

The exchanges and brokers are of the view that CTT would discourage day-traders and speculators, resulting in a big drop in business of five national bourses.

(Economic Times)