

National Stock Exchange Of India Limited**Department : FINANCE & ACCOUNTS**

Download Ref No: NSE/FATAX/39141

Date : October 11, 2018

Circular Ref. No: 3 /2018

To,

All the Members in the Commodity Derivatives Segment of the Exchange.

Sub: Commodities Transaction Tax ('CTT')

This is with reference to the Exchange Circular download reference No. NSE/COM/38941 dated September 21, 2018 and NSE/COM/39007 dated September 28, 2018 regarding commencement of trading in Commodity Derivatives segment with effect from October 12, 2018.

As required under Section 117 of Chapter VII of Finance Act, 2013, the commodities transactions executed on the Exchange shall be subject to the CTT as per the rates provided hereunder:

SI. No.	Taxable commodities transaction	Rate	Payable by	Value of taxable commodities transaction
(1)	(2)	(3)	(4)	(5)
1.	Sale of a commodity derivative	0.01 per cent	Seller	Trade Price

1. Procedure

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

1. CTT shall be applicable on transactions for futures contracts executed on the Exchange.
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 entry 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 viz. during trading hours and upto the trade modification close time on the respective trading day. In respect of proprietary transactions the member code shall be deemed to be the client code.
4. Members may note that 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. CTT payable by the clearing member shall be the sum total of CTT payable by all trading members clearing under him. The trading member's liability shall be the aggregate CTT liability of clients trading through him.

2. 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.

3. Client code modification

As explained above, since the Exchange shall be reckoning the client code entered by the members, members are advised to carry out client code modification, if any, within the prescribed time viz. during trading hours and up to the trade modification close time on the respective trading day. The Exchange shall not entertain any request for modification thereafter.

4. Pay-in of funds

Clearing members shall be required to pay the CTT on T+1 day. The CTT amount shall be collected as per the timelines stipulated for the funds pay-in. A separate transaction shall be created and the monies shall be collected from the settlement account of the members through their clearing banks as per the process currently followed in respect of settlement obligations.

5. Failure to pay funds

Non- payment of CTT shall be treated as non-fulfilment of settlement obligations for the purpose of all consequential actions against the member.

6. Information to clients

The contract note should specify the total CTT for the transactions mentioned therein. Details of CTT shall be provided by the member as specified by the Exchange from time to time. However details of trade wise CTT shall be provided by the members on an annual or periodic basis to clients on their specific request if the same is not provided in the contract note or along with the contract note.

This is for the information and due compliance by the Members and also for onward transmission to the constituents.

In case of any clarifications you may write / contact the undersigned or Ms. Swati Murkya on taxation@nse.co.in or 022-26598100 Ext.23082.

**For and on behalf of
National Stock Exchange of India Limited**

**Premal Shah
Associate Vice President**