

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

Download Ref No: NSE/FATAX/ 41263

Date : 7th June, 2019

Circular Ref. No: 1/2019

To,

All the Trading Members of the Exchange.

Sub: Applicability of Securities Transaction Tax (“STT”) under interoperability framework among Clearing Corporations.

This is with reference to the interoperability among Clearing Corporations (CCs) pursuant to the SEBI Circular No. CIR/MRD/DRMNP/CIR/P/2018/145 dated November 27, 2018.

In this regard members have been seeking clarifications with respect to the applicability of STT on trades done on the multiple stock exchanges which are settled under interoperability framework including the applicability of STT on trades which are settled otherwise than by actual delivery.

In this direction, the Central Board of Direct Taxes (CBDT), inter alia, has issued a clarification as below.

Quote

Under the provisions of STT, it is not material to the charge and levy of STT as to whether the settlement of trade takes place within the same stock exchange / clearing corporation or across multiple stock exchanges / clearing corporations. Accordingly, interoperability of clearing corporations shall have no impact on the incidence of STT on securities and STT at a lower rate shall continue to apply for trades / transactions settled otherwise than by delivery of shares even under the interoperable framework.

Unquote

In view of the above, the trading members may kindly note that the STT on trades done on the multiple stock exchanges which are settled under interoperability framework shall continue to be levied, as at present, as per the provisions of section 98 of the Finance (No. 2) Act, 2004.

Further, the STT on trades done on the multiple stock exchanges which are settled under interoperability framework and are settled otherwise than by actual delivery shall be levied as per section 98 of the Finance (No. 2) Act, 2004.(Sr. No.3 of the TABLE). (i.e. at the rate of 0.025 per cent by the Seller).

This is for the information and due compliance by the trading 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 / Ext. 23089.

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

**Premal Shah
Associate Vice President**