



Circular no.: MCX/F&A/109/2018

March 26, 2018

Commodities Transaction Tax on Option Contracts with Commodity Futures as Underlying

This is further to our Circular No: MCX /F& A / 379 /2017 dated October 10, 2017, where in members may please note:

The following amendments have been made in Finance Act, with effect from 1 April 2018, in relation to applicability of Commodity Transaction Tax ('CTT') on options on commodity derivatives:

1. Section 116 (7) of Finance Act, 2013 which defines "taxable commodities transactions" has been amended to include "options in commodity futures";
2. Section 117 and 118 of the Finance Act, 2013 has been substituted to include the following computational mechanism for levy of CTT:

Sr. No.	Taxable commodities	Rate	Payable by	Value on which CTT would be levied
1	Sale of a commodity derivative	0.01 per cent	Seller	Price at which the commodity derivative is traded
2.	Sale of an option on commodity derivative	0.05 per cent	Seller	Option premium
3.	Sale of an option on commodity derivative, where option is exercised.	0.0001 per cent	Purchaser	Settlement Price

Accordingly, CTT would be levied from April 1, 2018 on Gold Option Contracts and on all other Commodity Option Contracts (as and when applicable) in lieu of Securities Transaction Charges (STT).

Procedure for levy:

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

- CTT shall be determined at the end of each Trading Day,
- All Transactions shall be identified based on the client code placed by the members at the time of order entered / modified 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. In respect of proprietary transactions the member code shall be deemed to be the client code.

- For each client code , all the sell transactions for a trading day shall be aggregated at the contract level,
- The Trading Members CTT liability shall be the aggregate CTT liability of clients trading through him and the clearing members CTT liability shall be the aggregate CTT liability of all Trading Members clearing under him.

The mode of collection would remain the same.

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Kindly contact Customer Support on 022 – 6649 4000 or send an email at customersupport@mcxindia.com for any clarification

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