

## **Commodity Transaction Tax: Natural Rubber conspicuous by absence in CBDT exemption list**

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By Rakesh Neelakandan KOCHI (Commodity Online): Amongst the list of commodities exempted from India’s Commodity Transaction Tax, a particular commodity is conspicuous by absence: natural rubber! The rationale runs that the commodity is an industrial commodity and not agri commodity and hence subject to CTT.

Reacting to the absence of natural rubber in the exemption list, NMCE CEO Anil Mishra said: “This is unfortunate as large number of farmers who have been availing of hedging facilities would be affected as hedging costs are going to rise.” He said that it is unfair not to treat natural rubber as an agri-commodity as it runs contrary to the definition of agriculture provided in the Service Tax rules. “We are taking this up at the highest levels,” he said. He also noted that several reactions that he came across deem the inclusion of natural rubber under the CTT banner to be unfair. This development would one way or other influence trade volumes in NMCE natural rubber futures, analysts opine.

From almond to wheat, a total number of 23 agri-commodities are exempt from CTT announced back in February’s Union Budget presentation by P. Chidambaram, India’s Finance Minister. After a lot of uncertainty, anxieties and apprehensions, Commodity Transaction Tax (CTT) is becoming a reality from July 1, 2013. Finance Minister P Chidambaram had notified CTT in the Union Budget for 2013-14 stating that it will be on par with the amended Securities Transaction Tax (STT) to be levied at the rate of 0.01% even as brokerages and Ministry of Food, Consumer Affairs and Public Distribution had urged the government not to implement it at this stage when market is to attain volumes and maturity. CTT will apply to metals and energy complex traded in futures exchanges.

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