

Government of India
Ministry of Railways
(Railway Board)

RBA No. 29/2005

No.2005/AC-II/9/9

New Delhi, Dated 14/6/05

General Managers, FA&CAOs, CPOs
All Indian Railways.

Sub: Banking Cash Transaction Tax.

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The Finance Act, 2005 contemplates levy of the Banking Cash Transaction Tax (BCTT) @ 0.1% of value of following banking transactions w.e.f 1/6/05:-

- i) Withdrawal of cash exceeding a stipulated limit on any single day from an account (other than a saving bank account) with any scheduled bank.
- ii) Receipt of cash exceeding a stipulated limit from any scheduled bank on any single day on encashment of one or more term deposits, whether on maturity or otherwise.

The stipulated limit ibid is Rs 25,000/- in case of individual and HUFs and Rs.1,00,000/- for other taxable entities.

Ministry of Finance has clarified that the BCTT is also payable by offices and establishments of the Central/State Governments. Accordingly, Central/State Government Offices/establishments will be liable to pay this tax on the cash withdrawals over Rs. 1,00,000/- in a single day from a single drawing account. In this regard, Finance Minister has also desired that in order to minimise the BCTT liability, Central and State Government should minimise their cash transactions by encouraging the employees (including daily wagers) to open saving bank accounts and accept salary payments by banks/ECS/cheques.

Necessary action may be taken accordingly. Further modalities in this regard are being worked out in consultation with Ministry of Finance and will be advised in due course. In the meanwhile, the BCTT may be provided for and charged under D.No. 12-Misc. Working Expenses, Minor head 600- Other Expenses, Sub head 680- Miscellaneous, Detailed head 688 – Banking Cash Transaction Tax by Railways and administrative overheads by Production Units. ACS introducing the aforementioned detailed head in the Revenue Classification will follow.

Kindly acknowledge receipt.



(J. SRINIVAS)
Director Finance (CCA)
Railway Board