

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1489  
ANSWERED ON:02.12.2005  
CASH TRANSACTION TAX  
Adhalrao Patil Shri Shivaji

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has received some representations from the Management of Cooperative Banks, Financial Institutions and public representatives regarding withdrawal of banking cash transaction tax;
- (b) if so, the response of the Government thereto;
- (c) the steps taken by the Government in this regard; and
- (d) the time by which the final decision is likely to be taken by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI S.S. PALANIMANICKAM)

(a) to (d): A number of banks had represented requesting the Government to withdraw the Banking Cash Transaction Tax on inter-bank transactions. It was never the intention of the Government to tax such transactions. Therefore, the Government has amended the statute through the Taxation Laws (Amendment) Ordinance, 2005, promulgated on 31st October, 2005 to provide that such transactions will be exempt from the levy of the Banking Cash Transaction Tax.