

# Tax Hotline

December 29, 2000

## INDEX FUTURES TRADING, TREATED AS SPECULATION

As per the views of the Chief Commissioner of Income tax, the income from Indexed Futures trade would be treated as a speculative income and would be taxed at normal business income rates.

As per the provisions relating to speculative income the loss arising from the same would not be allowed to be adjusted against any other income. The loss from speculation would however be allowed to be carried forward for four years.

Index futures have been legally recognised and should be taxed as Business Income or Capital Gains.

There have been representations made to the Central Board of Direct Taxes stating that Indexed Futures should not be considered as speculation income.

Source: *The Economic Times*, November 29, 2000

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