CONTENTS

			PAGE
Chaj	oter-hea	uds .	<i>I-5</i>
Ame	ndment	s made by Finance Act, 2019 at a glance	I-15
		s made by Finance Act, 2020 at a glance	I-17
		DAMAGON ONE	
		DIVISION ONE	
		GUIDE TO INDIAN STAMP ACT, 1899	
		1	
		LIABILITY FOR PAYMENT OF STAMP DUTY	
1.1	Stamp	duty on instruments	1.3
	1.1-1	Purpose of the amendments	1.4
1.2	Consti	tutional background of Indian Stamp Act	1.4
	1.2-1	Power of Parliament in respect of Stamp Duty	1.4
	1.2-2	Powers of State Government of Stamp Duty	1.5
	1.2-3	Powers with Central Government and State Government	1.5
	1.2-4	Constitutional validity of amendments made in Indian Stamp Act w.e.f. 1-7-2020	1.6
1.3	Instru	ments chargeable to Stamp Duty	1.6
	1.3-1	Meaning of 'Instrument'	1.7
	1.3-2	Meaning of 'executed'	1.8
	1.3-3	Meaning of 'chargeable'	1.8
1.4	Meani	ng of various terms used in Indian Stamp Act	1.8
	1.4-1	Meaning of 'security'	1.8
	1.4-2	Meaning of 'derivative'	1.10
	1.4-3	Meaning of 'bond'	1.10
	1.4-4	Meaning of 'debenture'	1.10
	1.4-5	Meaning of 'Conveyance'	1.11
	1 4-6	Lease	1 11

		CONTENTS	I-8
			PAGE
	1.4-7	Marketable Security	1.11
	1.4-8	Mortgage Deed	1.11
	1.4-9	Settlement	1.11
1.5	Instru	ments on which stamp duty is payable	1.12
	1.5-1	Stamp duty on insurance policies	1.15
1.6	Some documents not chargeable to stamp duty or exempt from stamp duty		1.15
	1.6-1	Instruments executed by, on behalf of or in favour of Government	1.15
	1.6-2	Sale, transfer or disposal of any ship or vessel	1.15
	1.6-3	Instrument executed by or on behalf of or in favour of SEZ unit or SEZ developer is not subject to stamp duty	1.15
	1.6-4		1.13
	1.0-4	Bonds, debentures or other securities issued by local authority	1.16
	1.6-5	No Stamp Duty on transfer in Depository Scheme	1.17
	1.6-6	Negotiable warehouse receipts not liable to stamp duty	1.18
	1.6-7	Agreement or document for assignment of receivables in case of factoring not liable to stamp duty	1.18
	1.6-8	Conversion of a branch of any bank into a wholly owned subsidiary of bank or transfer of shareholding of a bank to a holding company of bank not liable to duty	1.18
	1.6-9	Agreement or document for transfer or assignment	1.10
	1.0 /	of rights or interest in financial assets under SARFAESI Act	1.18
		2	
		PAYMENT OF STAMP DUTY	
2.1	Provis	ions relating to payment of stamp duty	1.19
2.2	Stamp duty payable when several instruments or several matters		1.19
	2.2-1	Stamp duty if one instrument contains several matters	1.20
	2.2-2	Stamp duty if one instrument has one matter but is covered under more than one descriptions	1.20

I-9 CONTENTS

			PAGE
2.3	Powers	s to reduce or remit stamp duty	1.20
2.4	Mode o	Mode of payment of stamp duty	
	2.4-1	Meaning of 'stamp'	1.21
	2.4-2	Mode of affixing 'stamp'	1.21
	2.4-3	Timing of stamping	1.22
	2.4-4	Denoting stamp duty on instrument	1.23
	2.4-5	No expiry date of stamp paper	1.23
2.5	Valuat	ion for stamp duty	1.23
	2.5-1	Value if amount is expressed in foreign currency	1.24
	2.5-2	Valuation of stock and marketable securities	1.24
	2.5-3	No duty on interest portion mentioned in the instrument	1.24
	2.5-4	Valuation of instrument connected with mortgage of marketable securities	1.25
	2.5-5	Valuation in case of transfer in consideration of debt	1.25
	2.5-6	Valuation in case of annuity	1.26
	2.5-7	Valuation in case of lease of mine	1.26
	2.5-8	Provision when value is indeterminable	1.26
	2.5-9	Requirement of disclosure on Instrument	1.27
	2.5-10	Stamp duty when conveyances executed in parts	1.27
	2.5-11	Stamp duty when property immediately sold to sub-purchasers	1.27
	2.5-12	Valuation when whole business along with plant and machinery transferred	1.28
	2.5-13	Valuation when there is huge gap between agreement and execution of document	1.28
	2.5-14	Valuation only on basis of what is actually conveyed through the deed	1.28
	2.5-15	Valuation on basis of market value	1.29
2.6	Guidel	ines issued by Government for valuation	1.29
2.7	Who sl	hould pay duty	1.30
	2.7-1	Detailed list of persons liable to pay stamp duty	1.30

		CONTENTS	I-10
		<u>3</u>	PAGE
	A	DJUDICATION, PENALTY AND ALLOWANCES OF STAMP DUTY	
3.1	Other	provisions in respect of stamp duty	1.33
3.2	Adjud	ication as to stamp duty payable	1.33
	3.2-1	Certificate of Collector regarding full duty paid	1.33
3.3	Conse	quences if instrument not duly stamped	1.34
	3.3-1	What is meant by 'duly stamped'	1.34
	3.3-2	Submission of share transfer form without cancelling stamps	1.34
	3.3-3	Impounding of instrument not duly stamped	1.35
	3.3-4	Instrument cannot be accepted as evidence if not duly stamped	1.36
	3.3-5	Case when short payment is by mistake	1.37
	3.3-6	Prosecution can be launched even if penalty paid	1.38
3.4	Allowa	ances for stamps	1.38
	3.4-1	Allowances for impressed spoiled but unsigned stamps	1.38
	3.4-2	Bill of exchange and pro-note signed but not used	1.38
	3.4-3	Allowance for impressed stamp on document executed	1.38
	3.4-4	Allowance for printed forms	1.39
	3.4-5	Allowance for misused stamps	1.39
	3.4-6	Allowance for stamps not required for use	1.39
	3.4-7	Allowance on renewal of certain debentures	1.39
	3.4-8	How to make allowance	1.40
3.5	Miscel	laneous aspects of Stamp Act	1.40
	3.5-1	Reference and Revision	1.40
	3.5-2	Penalty and prosecution	1.40
	3.5-3	Quantum of Penalty	1.41
3.6	Power	of Government to make rules	1.41

I-11 CONTENTS

		<u>4</u>	PAGE
		STAMP DUTY PAYABLE UNDER INDIAN STAMP ACT	
4.1	Rate o	f stamp duty	1.43
4.2	Duty o	on Bill of Exchange payable on demand	1.43
4.3	Duty deman	on Bill of Exchange payable otherwise than on	1.44
4.4	Stamp	duty on Bill of Lading	1.45
4.5	Stamp	duty on Cheque	1.45
4.6	Stamp	duty on Letter of Credit	1.45
4.7	Stamp	duty on Policy of Insurance	1.45
4.8	Stamp	duty on Promissory Note	1.45
4.9	Stamp	duty on Proxy	1.46
4.10	Stamp	duty on Receipt	1.46
4.11	Stamp	duty on transfer of shares in a company or body rate	1.47
4.12	Stamp	duty on debentures	1.48
		<u>5</u>	
	STA	MP DUTY ON TRANSACTIONS IN SECURITIES	
5.1	Backg	round	1.49
	5.1-1	Purpose of amendments to Indian Stamp Act w.e.f. 1-7-2020	1.49
	5.1-2	Salient features of new scheme of stamp duty on transaction in securities	1.50
	5.1-3	Constitutional background of Stamp Duty on transaction in securities	1.52
5.2		ty of instruments of transaction in stock exchanges epositories to stamp duty	1.53
	5.2-1	Stamp duty on sale of securities through stock exchange	1.54
	5.2-2	Stamp duty on transfer of securities made by depository	1.55
	5.2-3	Stamp duty on creation or change on basis of allotment list	1.55
	5.2-4	No stamp duty to be collected on these transactions by State Government	1.56

		CONTENTS	I-12
			PAGE
5.3	Depos	itory and Participant	1.56
	5.3-1	Responsibility of stock exchange or depository to collect and pay stamp duty to State Government	1.57
	5.3-2	Payment of stamp duty when securities issued on private basis	1.58
5.4	Meani	ng of various terms used in section 9A	1.59
	5.4-1	Meaning of 'security'	1.59
	5.4-2	Meaning of 'derivative'	1.61
	5.4-3	Meaning of 'bond'	1.61
	5.4-4	Meaning of 'debenture'	1.61
5.5	Rates deposi	of stamp duty on transactions on stock exchanges or itory	1.62
	5.5-1	No duty on transactions in stock exchange and depository in IFC	1.62
5.6	Value	for purpose of stamp duty	1.62
5.7	Person	1.63	
5.8	Penalty for failure to comply with provisions of section 9A of Indian Stamp Act 1.63		
5.9	Observations in respect of stamp duty on transactions in securities		1.64
		6	
		PROCEDURAL ASPECTS OF PAYMENT OF STAMP DUTY ON SECURITIES INCLUDING MUTUAL FUNDS	
6.1	Collection of Stamp duty by stock exchange or clearing corporation		1.65
6.2		mining transactions as on delivery basis or non-deliv- sis, differential duty by clearing corporation	1.68
6.3	Collec	tion of stamp duty by depositories from transferor	1.68
6.4	Collec	tion of stamp duty by depositories from issuer	1.70
6.5	Transf	fer of stamp duty to States by collecting agent	1.72
6.6	Retur	n of stamp duty by collecting agent	1.73
6.7	Correct agent	ction of Erroneous entries can be made by collecting	1.74
6.8		duty on transactions in mutual fund	1.75

I-13 CONTENTS

	PAGE		
DIVISION TWO			
INDIAN STAMP ACT, 1899			
◆ Arrangement of Sections	2.3		
◆ Text of Indian Stamp Act, 1899 as amended by Finance Act, 2020	2.9		
DIVISION THREE			
INDIAN STAMP (COLLECTION OF STAMP-DUTY THROUGH STOCK EXCHANGES, CLEARING CORPORATIONS AND DEPOSITORIES) RULES, 2019			
◆ Arrangement of Rules	3.3		
◆ Text of Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019	3.5		
DIVISION FOUR			
RELEVANT EXTRACTS OF FINANCE ACT, 2019 AND 2020			
◆ Arrangement of Sections	4.3, 4.15		
◆ Relevant Extracts of Finance Act, 2019	4.5		
◆ Relevant Extracts of Finance Act, 2020	4.17		
◆ Notification	4.19		
DIVISION FIVE			
CIRCULAR, PRESS RELEASE & FAQs			
 Collection of stamp duty on issue, transfer and sale of units of AIFs Implementation of Amendments in the Indian Stamp Act, 1899 and Rules made from 1st July, 2020 for Rationalized Collection Mechanism of Stamp Duty, agrees India with 	5.3		
Collection Mechanism of Stamp Duty across India with respect to Securities Market Instruments	5.5		
◆ Frequently Asked Questions (FAQs) on Indian Stamp Act, 1899 Amendments and Rules made thereunder	5.9		