



## LATEST STATUTORY SNAPSHOT

THURSDAY, 9<sup>th</sup> JANUARY 2020



### NEW RATES OF STAMP DUTY APPLICABLE FOR ISSUE / TRANSFER OF SECURITIES

The Finance Act, 2019 (with effect from 21<sup>st</sup> February, 2019) inter alia has provided for amendments to India Stamp Act, 1899 (Stamp Act) with regard to levy of stamp duty in respect of issue and transfer of securities.

Vide Notification S.O 4419(E) dated 10<sup>th</sup> December, 2019 the Central Government had originally appointed 09<sup>th</sup> January, 2020 as the date for bringing into force of the said amendments to the Stamp Act. However, vide Notification S.O.115(E) dated 08<sup>th</sup> January, 2020, the said date has been revised as 01<sup>st</sup> April, 2020.

Accordingly, with effect from **01<sup>st</sup> April, 2020** the new rates of stamp duty will be payable for issue / transfer of securities as per the amendments provided vide Chapter IV of the Finance Act, 2019 to the Indian Stamp Act, 1899:

Major highlights of the amendments to the Indian Stamp Act, 1899 are:

- Definition of the terms “Securities”, “Debentures” are inserted.

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- Two new Sections added – Section 9A (in respect of securities issued in dematerialised mode and proposed to be listed), Section 9B (in respect of securities not proposed to be dematerialized and listed).
- With the insertion of the term “Securities” in addition to the existing definition for “Marketable Security”, the scope of stamp duty liability has now been enlarged to all kinds of securities i.e., whether marketable or not.
- Stock exchanges, clearing corporation, depositories have been made collection agencies for the stamp duty.
- The present exemption on payment of stamp duty on transfer of beneficial ownership in securities held in a depository stands withdrawn.
- De-materialisation or re-materialisation of securities continue to be exempt from stamp duty.
- Stamp duty is liable to be paid only on primary instrument and not on any secondary instrument relating to the primary instrument. For example, if stamp duty is paid on letter of allotment of securities, then no stamp duty is payable on actual allotment of securities in pursuance to letter of allotment issued.

### STAMP DUTY PAYABLE ON ISSUE / TRANSFER OR RE-ISSUE OF DEBENTURES

- Issue of debentures will be liable for payment of ad valorem stamp duty @ 0.005%.
- Transfer of debentures including re-issue of the same will be liable to stamp duty @ 0.0001%.

### STAMP DUTY PAYABLE ON ISSUE / TRANSFER OF OTHER SECURITIES

Particulars	Stamp Duty
Issue of securities other than debentures (Eg. Shares, CP, CoD)	0.005%
Transfer of securities other than debentures on delivery basis	0.015%
Transfer of securities other than debentures on delivery basis	0.003%

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Derivatives:	
a. Futures (equity and commodity)	0.002%
b. Options (equity and commodity)	0.003%
c. Currency and interest rate derivatives	0.0001%
d. Other derivatives	0.002%
Government Securities	0%
Repo on corporate bonds	0.00001%

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### BRANCH OFFICE

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