Finance Bill, 2019: Key Amendments to the Indian Stamp Act, 1899

1. Govt. to designate collecting agencies for collecting stamp duty on instruments of transaction in stock exchanges.

1.1 In case of instruments of transactions in stock exchanges and depositories

The Finance bill proposes to insert "Part AA - liability of instruments of transactions in stock exchanges and depositories to duty" to the Stamp Act, 1899. In this part new section 9A has been proposed to be included which provides that stamp duty on sale of any securities through stock exchange or depository shall be collected from buyer on behalf of State Government by the authorised stock exchange or a clearing corporation or depository as the case may be. The duty will be collected on basis of the market value of the securities at time of settlement of transactions in securities of such buyer.

The collecting agency such as stock exchange, clearing corporation or depository as the case may be shall have to transfer the collected stamp duty to the State Government within three weeks of end of each month. The duty will be transferred to the State in which the buyer resides if the buyer is outside India then the State Govt. having registered address of the trading member or broker shall receive the duty.

1.2 In case of issue of securities other than through stock exchange or depository

In case of issue of securities made by issuer otherwise than through a stock exchange or depository the stamp duty on each such issue shall be payable by the issuer at a place his registered office is situated. The duty will be calculated on the market value of the securities so issued at rate specified in Schedule I.

2. Change in Stamp duty on Debentures

Now the stamp duty on issue of debenture will be 0.005% and incase of re-issue it will be 0.0001%.

Existing duty structure is 0.05% per year of the face value of the debenture subject to the maximum of 0.25% or Rs. 25 lakhs whichever is lower where the debenture are transferred by way of delivery or by an endorsement or by separate instrument of transfer.

3. Stringent penalty upon collecting agencies for failure to collect duty

A new section has been introduced with respect to collecting agencies which provides for a penalty of not less than Rs. 1 Lakh which can be extended to 1% of the collection so default against collecting agencies who fails to collect the duty or fails to transfer the same within 15 days of the specified time period.

4. Amendment to the Definition of 'instrument'

Now the definition of instrument has been expanded to include electronic document created for a transaction in a stock exchange or depository by which any right or liability is or purports to be, created, transferred, limited, extended, extinguished or recorded and any other document mentioned in Schedule I.

Key Amendment to the Prevention of Money-Laundering Act, 2002

1. Time limit for attachment of property during investigation under PMLA to be hiked from 90 days to 365 days

The Bill seeks to amend sub-section (*3*) of section 8 of the Prevention of Money-laundering Act, 2002 so as to extend the time limit of 90 days for which the attachment shall remain valid during the period of investigation to 365 days. It also provides that in computing the period of 365 days, the period during which the investigation is stayed by any court shall be excluded.

(Taxmann.com)