

## **Stamp papers may come with 1-yr validity**

Stamp papers may soon come with only one-year validity, as the finance ministry is planning amendments to the over a century-old Indian Stamps Act. The validity period is being proposed to address the issue of forgery. Besides, electronic payment of stamp duty may be allowed under the new Bill.

Officials said the purpose behind prescribing an expiry date for the use of the stamp paper was to stop its misuse, as many people bought backdated papers to stake their claim on properties in the future when no such deal would have actually happened on that date.

"On festivals like Diwali and Dhanteras, people buy stamp papers and use these in the future to create backdated documents. There is no way to find when the deal actually happened or whether a deceased person actually signed the paper or not," said a finance ministry official.

However, concerns have been raised by a section in the government that prescribing a validity period would not stop frauds, as it would still give a person a one-year window.

For instance, if somebody buys a stamp paper in April 2014, it will be valid till March 2015. If somebody wants to forge documents, he can keep them in his possession for many years, say till 2020, and show the deal on the paper between April 2014 and March 2015.

Stamp papers are widely used to collect taxes on documents that require stamping, such as leases, agreements, receipts, or court documents. While many states have their own Stamp Duty Acts, some have adopted the Indian Stamps Act. Once amendments are made to the Indian Stamps Act, 1899, states will be free to decide whether they would like to adopt the model Act or continue with their own Act.

Section 54 of the Act provides that a person possessing a stamp paper for which he has no immediate use can seek refund of the value by surrendering it to the collector within six months of purchasing it. This validity is only for the purpose of seeking refund of unused stamp paper and not for using it.

A Supreme Court judgment in 2008 had clarified there was no impediment for a stamp paper, purchased more than six months prior to the proposed date of execution, being used for a document.

The finance ministry is also considering various other changes to the Indian Stamps Act, with major ones including amendments pertaining to a uniform stamp duty on stock market transactions across the states, against the current practice of multiple rates. Stamp duty may be collected by stock exchanges from the seller and then passed on to the states where the seller is based.

The Bill, which is in the works for the last few years now, may be taken in the monsoon session of Parliament if all approvals are in place. The finance ministry will send it to the law ministry after getting the approval of the finance minister. In 2010, after consultations with states, it was sent for inter-ministerial discussion.

Many provisions of the Bill were subsequently changed after receiving their comments.

In December 2011, the Bill was finalised and sent to the law ministry for final vetting. In September 2012 it was sent back to the finance ministry with legislative department's observations.

*(Business Standard)*