

Arbitration agreement in an unstamped instrument which is liable to a Stamp duty is not enforceable: SC

COMPANY LAW/ARBITRATION ACT : If an instrument liable to stamp duty is not/insufficiently stamped, arbitration agreement contained therein is non-existent in law till stamp duty is paid

- An Arbitration Agreement, within the meaning of Section 7 of the Act, which attracts stamp duty and which is not stamped or insufficiently stamped, cannot be acted upon, in view of Section 35 of the Stamp Act, unless following impounding and payment of the requisite duty, necessary certificate is provided under Section 42 of the Stamp Act.
- Further, the provisions of Sections 33 and the bar under Section 35 of the Stamp Act, applicable to instruments chargeable to stamp duty under Section 3 read with the Schedule to the Stamp Act, would render the Arbitration Agreement contained in such instrument as being non-existent in law unless the instrument is validated under the Stamp Act.

Click below link for the Judgment:

<https://taxmann.com/research/company-and-sebi/top-story/101010000000333789/arbitration-agreement-in-an-unstamped-instrument-which-is-liable-to-a-stamp-duty-is-not-enforceable-sc-caselaws>

Source: Taxmann.com