



Stamp duty amendments effective from July 1, 2020 | SEBI directs AIFs/RTAs for collection of stamp duties on issue, transfer and sale of AIF units w.e.f. July 1, 2020

July 1, 2020

Rationalized Collection Mechanism of Stamp Duty w.r.t. Securities Market Instruments - Indian Stamp Act, 1899 amendments and rules, to be effective from July 1, 2020

In a press release issued on Press Information Bureau (PIB) by Ministry of Finance, it has been confirmed that implementation of Amendments in the Indian Stamp Act, 1899 and Rules will be brought into effect from **July 1, 2020**.

The relevant provisions of the Finance Act, 2019 amending the Indian Stamp Act, 1899 and the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 were notified simultaneously on December 10, 2019 and these were to come into force from January 9, 2020, which was later extended to April 1, 2020 vide notifications dated January 8, 2020. Further, considering the requests received from stakeholders, country-wide lockdown situation due to Covid-19 and in line with the relaxations given on statutory and regulatory compliance in other sectors, the date for implementation of amendments in the Indian Stamp Act, 1899 brought through Finance Act, 2019 and Rules made thereunder was further extended to July 1, 2020 vide notifications dated March 30, 2020.

Press release dated June 30, 2020, is [available here](#)

SEBI directs AIFs / RTAs for collection of stamp duties on issue, transfer and sale of AIF units w.e.f. July 1, 2020 | AIFs to appoint RTAs by July 15, 2020

As you are aware, the Ministry of Finance on June 30, 2020, issued a [press release](#) regarding implementation of amendments to Indian Stamp Act, 1899 and the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019, with effect from July 1, 2020.

In furtherance of the above, SEBI has directed the Registrars to an Issue and/or Share Transfer Agents (**RTA**), to collect the stamp duty on instruments of transaction dealing with issue, transfer and sale of units of alternative investment funds (**AIFs**) otherwise than through a recognised stock exchange or depository, with effect from July 1, 2020.

SEBI has further directed that:

- **Already appointed RTAs to collect:** RTA already appointed by AIFs shall collect the stamp duty on issue, transfer and sale of units of AIFs as mentioned above.
- **AIFs to appoint RTAs by July 15, 2020:** AIFs, where RTA have not been appointed so far, shall appoint RTA, at the earliest, but not later than July 15, 2020 to enable collection of applicable stamp duty on issue, transfer and sale of units of AIFs in compliance with the applicable provisions of the Indian Stamp Act, 1899 and the rules made thereunder.
- **Interim measure - Stamp Duty to be deposited in a Designated Bank Account:** As the provisions of the amended Indian Stamp Act, 1899 and the rules made thereunder are to be implemented and enforced w.e.f. July 01, 2020, till such time RTA are appointed, as an interim measure, AIFs shall keep the applicable stamp duty on issue, transfer and sale of units of AIFs in a designated bank account. AIFs shall transfer the said amount to RTA upon appointment for onward remittance to States / Union Territories as per the provisions of Indian Stamp Act, 1899 and the rules made thereunder.

Notably, vide Gazette notification S.O.116(E) dated January 08, 2020 ([available here](#)), RTAs registered under the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 were notified as a **depository** for the limited purposes of acting as a **collecting agent** under the Indian Stamp Act, 1899 and the rules made thereunder, only in case of instruments of transaction otherwise than through a recognised stock exchange or depository.

SEBI has also clarified that as regards transactions (issue, transfer and sale of units of AIFs in demat mode) through recognized Stock Exchange or Depository as defined under SCRA, 1956 and Depositories Act, 1996 respectively, the respective Stock Exchange/authorized Clearing Corporation or a Depository is already empowered to collect stamp duty as per the amended Indian Stamp Act, 1899 and the rules made thereunder.

Aforementioned directions have been issued by SEBI vide its circular dated June 30, 2020 ([available here](#)).

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com

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