

CONFIDENTIAL
CABINET MATTER

GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
GENERAL ADMINISTRATION DEPARTMENT
DELHI SECRETARIAT, I.P.ESTATE, NEW DELHI-02

No.F.3/3/2004-GAD/CN- 3208-3219

Dated: 17/08/2007

CABINET DECISION NO. 1255 DATED: 13/08/2007

Sub: Amendment of Schedule 1 A of the Indian Stamp Act, 1899 (2 of 1899) as applicable in the National Capital Territory of Delhi.

Decision: The Cabinet approved the proposal submitted by the Pr. Secretary (Finance) at para 2.4 of the Cabinet Note. The Cabinet also decided that, in this connection, a Bill be brought before the Delhi Legislative Assembly at its next session.

Sd/-

(R. NARAYANASWAMI)
SECRETARY TO THE CABINET

No.F.3/3/2004-GAD/CN/ 3208-3219

Dated: 17/08/2007

Copy forwarded to the following:-

1. Pr. Secretary to Lt. Governor, Delhi.
2. Pr. Secretary to the Chief Minister, Delhi.
3. Secretary to Minister of Finance, Govt. of NCT of Delhi.
4. Secretary to Minister of Health, Govt. of NCT of Delhi.
5. Secretary to Minister of Industries, Govt. of NCT of Delhi.
6. Secretary to Minister of Food & Supplies, Govt. of NCT of Delhi.
7. Secretary to Minister of Education, Govt. of NCT of Delhi, Delhi.
8. Secretary to Minister of Transport, Govt. of NCT of Delhi, Delhi.
9. Pr. Secretary (Finance), Govt. of NCT of Delhi, Delhi.
10. OSD to Chief Secretary, Govt. of NCT of Delhi, Delhi.
11. Hindi Officer, Language Department: for translation.
12. Guard file.

(SHAKUNTALA D. GAMLIN)
JOINT SECRETARY TO THE CABINET

No.F.5(111)/Fin.(T&E)/2007-08/
GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
FINANCE DEPARTMENT
Delhi Secretariat, New Delhi - 110002

Minister-in-Charge : Shri A.K. Walia
Minister of Finance

Secretary-in-Charge : Shri V.V. Bhat
Pr. Secretary (Finance)

NOTE FOR COUNCIL OF MINISTERS

Sub: **Amendment of Schedule I A of the Indian Stamp Act, 1899(2 of 1899) as applicable in the National Capital Territory of Delhi.**

1. Introduction: -

The present proposal is for reduction of stamp duty on instruments of conveyance with a view to rationalizing duty structure on transactions of property in Delhi on the model proposed in JNNURM. Earlier, stamp duty was reduced on conveyance as defined under clause (10) of section 2 of the Indian Stamp Act, 1899 (2 of 1899) from 8% to 5% and to 3% in the case of women, in the year 2003, through notification, and subsequent amendment of the Indian Stamp Act made in 2005. In addition to this, 3% surcharge on stamp duty on transfer of property is levied by Municipal Corporation of Delhi under section 147 of the Delhi Municipal Corporation Act 1957 and by New Delhi Municipal Council (NDMC) under section 93 of the New Delhi Municipal Council, Act 1994.

2. Need of the proposal

2.1 The Government of India has recommended Urban Reforms under JNNURM. It has envisaged Memorandum of Agreement with the States, which lays down that the State will undertake to revise stamp duty rates so as to reach the level of not more than 5%. JNNURM has prescribed a rate not more than 5%. It envisages that a lower rate of stamp duty will reduce use of black money for property transactions, facilitate bonafide transactions and increase potential for larger revenue collection. The Department of Urban Development, Govt. of NCT of Delhi and the MCD/NDMC have to sign Memorandum of Understanding (MOU) with the Government of India.

2.2 In the NCT of Delhi, the rate of stamp duty in respect of conveyance deed under Article 23 of Schedule 1A of the Indian Stamp Act, 1899, at present, is as under: -

	Stamp duty	Surcharge on stamp duty on transfer of property (MCD)	Total incidence
Man	5%	3%	8%
Woman	3%	3%	6%

2.3 In a meeting between the Hon'ble Finance Minister and the Chairman, Standing Committee of Municipal Corporation of Delhi on the 19th July, 2007, the Chairman of the Standing Committee has agreed to bring down the surcharge on stamp duty on transfer of property in case of women by 1%. For this, appropriate legal means have to be taken by MCD and NDMC.

2.4 In the context of Delhi, it is proposed that since, already concessional rate prevails for women, 6% for men and 4% for women (including surcharge levied by MCD/NDMC) will be appropriate.

To reduce the stamp duty charged by GNCTD, rate of stamp duty under Article 23 of the Schedule 1 A appended to the Indian Stamp Act 1899 may be amended as under: -

	Stamp duty	Surcharge on stamp duty on transfer of property (MCD)	Total incidence
Man	3%	3%	6%
Woman	2%	2%	4%

2.5 The amendment in Article 23 will also affect following articles.

(1) Under Schedule – 1

23A – Conveyance in the nature of part performance.

(2) Under Schedule - 1A

18 - Certificate of sale, 31 – Exchange, 32 – Further charge on mortgage property, 33 – Gift, 35 – Lease {35(a)(iii), (iv), (v), (vi), (vii), (viii), 35(b) and 35(c)}, 40(a) – Mortgage,

48(f) – Power of attorney with consideration, 54(a) – Re-conveyance, 63 – Transfer of lease, 64(A) – Trust;

2.6 It is anticipated that any revenue loss due to rate reduction will be offset by the introduction of circle rates and better compliance, increased bonafide transactions and transparency.

3. The Indian Stamp Act, 1899 (2 of 1899) is a Central Legislation and any amendment therein will require prior approval of the Government of India. Since, the Legislative Assembly is not in session, it is proposed to promulgate an Ordinance (Annexure A).

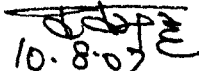
4. The Cabinet Note has been shown to the Departments of Law, Urban Development and Revenue, in addition to Commissioner MCD and Chairperson NDMC along with the Draft Ordinance. The comments of the these Departments are as under:-
Law Department – has vetted the proposal and has found need for the proposed legislation from the legal point of view to be justified.

Urban Development Department's suggestions have been incorporated.

5. The following proposals are placed before the Council of Ministers for its consideration and decision:-

- (i) The draft of the Indian Stamp (Delhi Amendment) Ordinance, 2007, may be approved.
- (ii) The draft Ordinance as approved by the Council of Ministers may be referred to the Central Government in the Ministry of Home Affairs for seeking instructions of the President of India, with the approval of the Lt. Governor, Delhi, with regard to the promulgation thereof by the Lt. Governor.

6. This Cabinet note has the prior approval of the Minister-in-Charge


10.8.07
[V.V.BHAT]
Pr. Secretary Finance

2. Amendment of
Schedule 1-A

In the Indian Stamp Act, 1899 as in force in the National Capital Territory of Delhi, in Schedule 1-A, for Article No. 23, the following Article shall be substituted, namely:-

Description of Instrument

"23. Conveyance as defined by section 2(10) not being a transfer charged or exempted under No. 62.

Proper Stamp Duty

Three percent of the consideration amount set forth in the Instrument.

Further reduced to two percent in respect of individually/jointly held immovable property by woman/women (Provided that in cases of jointly held immovable property, the reduced rate of stamp duty shall apply only to the share (s) held by woman/women).

Exemption

Assignment of copyright under the Copyright Act, 1957, section 18 CO-PARTNERSHIP-DEED – See Partnership (No. 46) "

(Tejendra Khanna)
Lieutenant Governor

**GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
(Finance Department)**

THE INDIAN STAMP (DELHI AMENDMENT) ORDINANCE, 2007

Promulgated by the Lieutenant Governor of the National Capital Territory of Delhi
in the Fifty-eighth Year of the Republic of India.

**AN
ORDINANCE**

further to amend the Indian Stamp Act, 1899 (2 of 1899) as in force in the
National Capital Territory of Delhi.

Whereas the Legislative Assembly of the National Capital Territory of
Delhi is not in session and the Lieutenant Governor of the National Capital
Territory of Delhi is satisfied that the circumstances exist which render it
necessary for him to take immediate action.

Now, therefore, in exercise of the powers conferred by clause (1) of article
239B read with clause (8) of article 239AA of the Constitution, the Lieutenant
Governor of the National Capital Territory of Delhi is pleased to promulgate the
following Ordinance after obtaining instructions from the President of India in
that behalf. -

Short title, extent and
Commencement"

1. (1) This Ordinance may be called
the Indian Stamp (Delhi
Amendment) Ordinance, 2007.
(2) It extends to the whole of the
National Capital Territory of Delhi.
(3) It shall come into force at once.

STATEMENT OF OBJECTS AND REASONS

The Government of India has recommended Urban Reforms under JNNURM and in its Memorandum of Agreement, it has laid down that the State will undertake to revise stamp duty rates so as to reach the level of not more than 5%. JNNURM has prescribed a rate not more than 5% as pre-requisite for grants by the Centre to the States. It envisages that a lower rate of stamp duty will reduce use of black money for property transactions, facilitate bonafide transactions and increase potential for larger revenue collection. To qualify for further grants from Urban Reforms Incentive Fund, this condition has to be met and the Department of Urban Development, Govt. of NCT of Delhi and the MCD/NDMC have to sign Memorandum of Understanding (MOU) with the Government of India.

(Dr. A.K. Walia)
Minister of Finance

FINANCIAL MEMORANDUM

The Indian Stamp (Delhi Amendment) Ordinance, 2007 proposes reduction in stamp duty. It is anticipated that any revenue loss due to rate reduction will be offset by the introduction of circle rates and better compliance, increased bonafide transactions and transparency.

MEMORANDUM REGARDING DELEGATED LEGISLATION

The Indian Stamp (Delhi Amendment) Ordinance, 2007 does not seek to confer powers of legislation on any subordinate functionaries.