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TELANGANA BILLS
TELANGANA LEGISLATIVE ASSEMBLY

The following Bill was introduced in the Telangana Legislative Assembly on 4th October, 2021.

L. A. BILL No. 11 OF 2021.

A BILL FURTHER TO AMEND THE INDIAN STAMP ACT, 1899 IN ITS APPLICATION TO THE STATE OF TELANGANA.

Be it enacted by the Legislature of the State of Telangana in the Seventy-second Year of the Republic of India as follows:-

1. (1) This Act may be called the Indian Stamp (Telangana Amendment) Act, 2021.

(2) It extends to the whole of the State of Telangana.

Short title,
extent and
commence-
ment.

[1]

B. 63-1 (GH)

(3) It shall come into force on such date as the State Government may, by notification in the Official Gazette, appoint.

Amend-
ment of
section 2,
Central Act
II of 1899.

2. In the Indian Stamp Act, 1899 (hereinafter referred to as the principal Act), in section 2, after clause (14), the following Explanation shall be added, namely,-

Central Act
21 of 2000.

“Explanation.— The term “document” also includes any electronic record as defined in clause (t) of sub-section (1) of section 2 of the Information Technology Act, 2000.”.

Insertion
of new
sections
29-A and
29-B.

3. After section 29 of the principal Act, the following new sections shall be inserted, namely,-

“29-A. Duties payable by financial institution:

(1) Notwithstanding anything contained in section 29, where any instrument referred to in clauses (a) to (g) of section 29, is executed on or after the date of commencement of the Indian Stamp (Telangana Amendment) Act, 2021, in favour of or by any financial institution such as Bank, Non-Banking Finance Company, Housing Finance Company, Auto Finance Company, Insurance Company or alike, the liability to pay proper stamp duty shall be on such financial institution concerned without affecting their right, if any, to collect it from the other party if the other party fails to pay the proper stamp duty.

(2) In respect of any such instrument executed before the date of commencement of the Indian Stamp (Telangana Amendment) Act, 2021, and are effective and where proper stamp duty is not paid, then the financial institution shall impound such instrument and forward the same to the Collector for recovery.

(3) Where the financial institution fails to impound such instrument as provided in sub-section (2) within 6 months from the date of commencement of the Indian Stamp

(Telangana Amendment) Act, 2021, then the concerned financial institution shall be liable to pay a penalty equal to the deficient portion of the stamp duty payable on such instrument subject to a maximum of rupees ten thousand.

29-B. Duty and Market Value in respect of documents presented for registration: Notwithstanding anything contained in this Act or any other law for the time being in force, in respect of instruments presented for registration under the provisions of the Registration Act, 1908, the duty and the market value shall be reckoned as on the date of their presentation for registration.”

Central
Act 16 of
1908.

4. After section 73B of the principal Act, the following section shall be inserted, namely,-

Insertion
of new
section 73C.

“73C. Obligation to furnish information.— (1) Any such individual, institution, organisation, company or a body responsible for creating, executing, maintaining, recording, verifying an instrument chargeable with duty as may be notified by the State Government in the Official Gazette, shall, when called upon by any officer authorized by the Chief Controlling Revenue Authority in this behalf, furnish information in the form and within the time limit specified.

(2) Any such individual, institution, organisation, company or a body responsible to furnish the information under sub-section (1) fails to furnish the same within the specified time, the Chief Controlling Revenue Authority or any other officer authorized by him in this behalf, may direct such defaulter to pay by way of penalty, a sum not less than rupees one thousand but which may extend to rupees ten thousand for each such failure.”.

5. In Schedule 1-A of the principal Act, as applicable to the State of Telangana,-

Amend-
ment of
Schedule 1-A.

(1) in Article 1, for the entry in column (2), the entry “One rupee” shall be substituted.

(2) after Article 1, the following Article shall be inserted in column (1) and (2) respectively,-

(1)	(2)
"1-A. Acknowledgement of a letter, article, document, parcel, package or consignment, of any nature or description whatsoever or by whatever name called, given by a person, courier company, firm or body of persons whether incorporated or unincorporated to the sender of such letter, article, document, parcel, package or consignment.	One rupee for every one hundred rupees or part thereof."

(3) In Article 4, for the entry in column (2), the entry "One hundred rupees" shall be substituted.

(4) In Article 5, after clause (b), the following clauses shall be inserted in column (1) and (2) respectively,-

(1)	(2)
"(c) if relating to any advertisement on mass media, made for promotion of any product; or programme or event with an intention to make profits or business out of it.	0.5% of the amount agreed, subject to a minimum of Rs.2,000/-.
(d) if relating to conferring exclusive rights of telecasting, broadcasting or exhibition of an event or a film with an intention to make profits or business out of it.	0.5% of the amount agreed, subject to a minimum of Rs.2,000/-.
(e) if relating to specific performance of any art or skill by any person or a group of persons with an intention to make profits or business out of it.	0.2% of the amount agreed, subject to a minimum of Rs.2,000/-.

(f) if relating to assignment of copyright under the Copyright Act, 1957.	0.5% of the amount agreed, subject to a minimum of Rs.2,000/-.
(g) if relating to project under Build, Operate and Transfer (BOT) system or alike whether with or without toll or fee collection rights.	0.2% of the amount agreed, subject to a minimum of Rs.10,000/-.

Central
Act 14 of
1957.

Explanation: When duty paid as per clause (g), application of article 31 does not arise.”

(5) In Article 6,-

(a) clause (A) shall be omitted.

(b) clause (B) and clause (C) shall be renumbered as clause (A) and clause (B) respectively.

(c) in clause (B) as so renumbered, for the entry in column (2), the entry “Five Hundred Rupees” shall be substituted.

(d) after clause (B) as so renumbered, the following explanation shall be added, namely,-

“Explanation: “any other immovable property” used in clause (A) includes agriculture and non-agriculture lands.”.

(6) In Article 7,-

(a) in clause (a), for the entry in column (2), the following entries shall be substituted, namely,-

“(i) 0.5% of the amount secured by such deed in favour of a single lender, subject to a maximum of ten lakh rupees; and

(ii) 0.5% of the amount secured by such deed in favour of Consortium of Banks/Financial Institutions, subject to a maximum of twenty lakh rupees.”.

(b) in clause (b),-

(i) in sub-clause (i), for the entry in column (2), the following entry shall be substituted, namely,-

“0.5% of the amount secured by such deed in respect of a single lender, subject to a maximum of ten lakh rupees.”.

(ii) in sub-clause (ii), for the entry in column (2), the following entry shall be substituted, namely,-

“0.5% of the amount secured by such deed in respect of Consortium of Banks/Financial Institutions, subject to a maximum of twenty lakh rupees.”.

(c) the Explanation shall be numbered as ‘Explanation I’ thereof and after Explanation I as so numbered, the following explanation shall be inserted, namely,-

“**Explanation II:** Notwithstanding anything contained in section 5 of the Act, the proper stamp duty on the instruments falling under this Article is the duty prescribed above.”.

(7) In Article 11, in clause (ii), for the entry in column (2), the following entry shall be substituted, namely,-

“0.2% of such authorized share capital subject to a minimum of five thousand rupees and a maximum of twenty lakh rupees”.

(8) In Article 12,-

(a) in column (2), the following entry shall be inserted, namely,-

“five percentage on the amount or market value of the property (which is the subject matter of award), whichever is higher subject to a minimum of Rupees five hundred and a maximum of Rupees Five lakhs.”;

(b) Clauses (a) and (b) and the entries relating thereto shall be omitted.

(9) In Article 15, for the entry in column (2), the entry "Five hundred rupees" shall be substituted.

(10) In Article 17,-

(a) for the entry in column (2), the entry "0.1 per cent of the value of the shares, scrip or stock" shall be substituted.

(b) the following Explanation shall be inserted, namely,-

"Explanation.— For the purposes of this Article, the value of shares, scrip or stock includes the amount of premium, if any."

(11) In Article 18, in clause (2),-

(i) in sub-clause (i), for the entry in column (2), the entry "One hundred rupees" shall be substituted.

(ii) in sub-clause (ii), for the entry in column (2), the entry "Five hundred rupees" shall be substituted.

(12) In Article 20,-

(a) for clause (d) and the entries relating thereto, the following shall be substituted, namely,-

	(1)	(2)
Central Act 1 of 1956.	“(d) if relating to the order of the High Court under section 394 of the Companies Act, 1956 or, the order of the National Company Law Tribunal under sections 230 to 234 of the Companies Act, 2013 or confirmation issued by the Central Government under sub-section (3) of section 233 of the Companies Act, 2013, in respect of the amalgamation, merger, demerger, arrangement or reconstruction of companies	1) Merger:- Two Rupees for every one hundred rupees or part thereof of the market value of the immovable property located within the State of Telangana of the Transferor Company; or
Central Act 18 of 2013.		Two Rupees for every one hundred rupees or part thereof of the aggregate of the market value of the shares issued or allotted in

Central
Act 10 of
1949.

(including subsidiaries of parent company); or order of the Reserve Bank of India under section 44A of the Banking Regulation Act, 1949 in respect of amalgamation or reconstruction of Banking Companies.

exchange or otherwise plus the amount of consideration paid, for such amalgamation; whichever is higher.

(2) Demerger:-

Two Rupees for every one hundred rupees or part thereof of the market value of the immovable property located within the State of Telangana transferred by the Demerging Company to the Resulting Company; or

Two Rupees for every one hundred rupees or part thereof of the aggregate of the market value of the shares issued or allotted to the Resulting Company plus the amount of consideration paid for such demerger; whichever is higher.”.

(b) the Explanation shall be omitted.

(13) In Article 21,-

(a) in column (2), the entry “One hundred rupees” shall be inserted.

(b) clauses (i) and (ii) and the entries relating thereto shall be omitted.

(14) In Article 26, for the entry in column (2), the entry “Five hundred rupees” shall be substituted.

(15) In Article 37, for the entry in column (2), the entry “One hundred rupees” shall be substituted.

(16) In Article 41, for Item A and the relating entries thereto, the following shall be substituted, namely,-

(1)	(2)
<p>"A. Instrument of any partnership inclusive of, Limited Liability Partnership and Joint Venture to run a business, earn profits and to share profits, whether in cash or kind-</p> <p>(a) where there is no share of contribution in partnership, or where such share contribution brought in by way of cash does not exceeds Rs.50,000/-.</p> <p>(b) where such share contribution brought in by way of cash is in excess of Rs.50,000/-.</p> <p>(c) where such share contribution is brought in by way of property other than cash.</p>	<p>Five hundred rupees</p> <p>One percent of the amount of share contribution subject to a maximum of rupees ten thousand.</p> <p>5% of the Market Value of such property in addition to the duty mentioned in clause (a) or (b) above."</p>

(17) For Article 52, and the entries relating thereto, the following shall be substituted, namely,-

(1)	(2)
<p>"52. Surrender of lease:</p>	<p>The duty with which such lease is chargeable subject to a minimum of one hundred rupees and a maximum of one thousand rupees."</p>

(18) In Article 55,-

(a) in clause A, for the entry in column (2), the entry "One thousand rupees" shall be substituted.

(b) in clause B, for the entry in column (2), the entry "Five hundred rupees" shall be substituted.

(19) After Article 56, the following Article along with Description of Instrument in column (1) and stamp duty in column (2) shall be added, namely,-

(1)	(2)
<p>"57. Works Contract, that is to say, a contract for works and labour or services involving transfer of property in goods (whether as goods or in some other form) in its execution and includes a sub-contract,-</p> <p>(a) where the amount or value set forth in such contract does not exceed rupees ten lakh.</p> <p>(b) where it exceeds rupees ten lakh.</p>	<p>Five hundred rupees.</p> <p>0.2 per cent of the amount subject to a minimum of rupees ten thousand."</p>

STATEMENT OF OBJECTS AND REASONS

Schedule I-A to the Indian Stamp Act, 1899 prescribes the rates of Stamp Duty chargeable on various instruments. Schedule I-A has not been amended after formation of the Telangana State. There is a compelling need to revise and rationalize the rates of Stamp Duty in respect of certain instruments, in conformity with the changing times and circumstances. Further, over a period of time, new genre of instruments are employed in various commercial operations. In order to charge suitable rates of duty on these instruments, amendments to Schedule I-A of the Indian Stamp Act, 1899 are warranted.

Furthermore, substantial number of instruments, which are subjected to Stamp Duties, are executed by or in favour of Financial Institutions. There is a need to have a statutory provision to cast onus on such institutions to ensure payment of proper duties on such instruments. Hence, section 29-A is proposed to be inserted.

From time to time, the market value guidelines and stamp duties are revised. Section 29-B is proposed to be inserted to assess the market value and levy the duty as on the date of presentation of instrument for registration as per the provisions of the Registration Act, 1908 (Central Act 16 of 1908).

By proposing to introduce section 73-C, an obligation is sought to be created on such institutions or other individuals to provide information to the authorized officer.

Hence, it has been decided to amend the Indian Stamp Act, 1899 (Central Act II of 1899) suitably.

This Bill seeks to give effect to the above decisions.

K. CHANDRASEKHAR RAO,
Chief Minister.

FINANCIAL MEMORANDUM

The proposed the Indian Stamp (Telangana Amendment) Bill, 2021 does not involve any recurring or non-recurring expenditure to the State.

K. CHANDRASEKHAR RAO,
Chief Minister.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clauses 1 and 4 of the Bill authorizes the Government to issue notifications or to make rules in respect of matters specified therein and generally to carry out the purposes of the Act. All such rules so made or notifications issued which are intended to cover matters mostly of procedural in nature are to be laid on the table of the State Legislature and will be subject to any modifications made by the Legislature.

The above provisions of the Bill regarding delegated legislation are thus of normal type and are mainly intended to cover matters of procedure.

K. CHANDRASEKHAR RAO,
Chief Minister.

**MEMORANDUM UNDER RULE 95 OF THE RULES OF
PROCEDURE AND THE CONDUCT OF BUSINESS IN THE
TELANGANA LEGISLATIVE ASSEMBLY.**

The Indian Stamp (Telangana Amendment) Bill, 2021, after it is passed by the State Legislature may be reserved by the Governor for the consideration and assent of the President under article 254(2) of the Constitution of India.

K. CHANDRASEKHAR RAO,
Chief Minister.

Dr. V. NARASIMHA CHARYULU,
Secretary to State Legislature.