



**KARNATAKA LEGISLATIVE ASSEMBLY
FOURTEENTH LEGISLATIVE ASSEMBLY
THIRD SESSION**

**THE KARNATAKA STAMP (AMENDMENT) BILL, 2014
(L.A. Bill No. 36 of 2014)**

A Bill further to amend the Karnataka Stamp Act, 1957.

Whereas it is expedient further to amend the Karnataka Stamp Act, 1957 (Karnataka Act 34 of 1957), for the purposes hereinafter appearing;

Be it enacted by the Karnataka State Legislature in the sixty-fifth year of the Republic of India as follows:-

1. Short title and commencement.— (1) This Act may be called the Karnataka Stamp (Amendment) Act, 2014.

(2) It shall come into force with effect from the first day of March 2014.

2. Amendment of Section 9.— In the Karnataka Stamp Act, 1957, (Karnataka Act 34 of 1957) (hereinafter referred to as the Principal Act), in section 9, in sub-section (1), in clause (a),-

(i) after the sixth proviso, the following shall be inserted, namely:-

“ Provided also that, the State Government may, in public interest, by notification, reduce or remit stamp duty on an instrument, to be specified therein from time to time, executed,-

(a) by or between the Bangalore Development Authority and the concerned allottee, in connection with the allotment of alternate equivalent site, consequent to de-notification of the land in question and pursuant to the cancellation of the preceding sale deed which is duly stamped; and

(b) by or between the concerned persons, in connection with the Karnataka Aerospace Policy 2013-23, specified in the Government Order No.CI 17 SPI 2012, dated:06-02-2013 or specified by the State Government from time to time.

(ii) after the seventh proviso, the following shall be inserted, namely:-

“Provided also that, the State Government may, in public interest by notification reduce or remit stamp duty payable on instruments specified in notification No.RD 144 MuNoMu 2003 dated:23-04-2003.”

3. Amendment of Schedule.- In the schedule to the principal Act, in Article 5,-

(i) in clause (e), in column (3), for the proviso at the end the following shall be substituted; namely:-

"provided that the duty paid on power of attorney under Articles 41(e) or 41(eb), as the case may be, is adjustable towards the duty payable on agreement for sale under Article 5(e) or instrument of sale or transfer, as the case may be, executed between the same parties and in respect of the same property;"

(ii) for clause (f), and the entries relating thereto, the following shall be substituted, namely:-

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<p>(f) If relating to construction or development of immovable property, including a multi unit or multi storied house or building or apartment or flat, or portion of it, executed by and between owner or lessee, as the case may be, and developer, having a stipulation, whether express or implied, that, in consideration of the owner or lessee conveying or transferring or disposing off, in any way, the undivided share or portion of land or immovable property; the developer agrees to convey or transfer or dispose off, in any way, the proportionate or agreed share or portion of the constructed or developed building or immovable property to the owner or lessee, as the case may be.</p> <p><u>Explanation:</u></p> <p>The term "Developer" includes promoter or builder or by whatever name called.</p>	<p>Two Rupees for every one hundred rupees or part thereof, on the Market Value of such undivided share or portion of land or immovable property, consideration and money advanced, if any; or</p> <p>On the Market Value of such share or portion of the constructed or developed building or immovable property, consideration and money advanced, if any; Whichever is higher:</p> <p>Provided that, if the proper stamp duty is paid under clause (ea) of the Article 41 on power of Attorney, executed by and between the same parties and in respect of the same property, then the stamp duty payable on the corresponding agreement under clause (f) of article 5, shall not exceed rupees two hundred."</p>
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	Explanation: The term "money advanced" in this Article, means and includes the security deposit whether refundable or adjustable.
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(iii) for article 11, and the entries relating thereto the following shall be substituted, namely:-

<p>" 11. Award,- that is to say, any decision in writing by an arbitrator or umpire, not being an award directing a partition, on a reference made otherwise than by an order of the Court in the course of a suit.</p> <p>(a) If the property, which is the subject matter of award, is immovable property.</p> <p>(b) If the property, which is the subject matter of award, is movable property,</p> <p>(i) Where the amount or market value of the property, as set forth in the award, does not exceed Rupees fifty lakhs.</p> <p>(ii) Where the amount or market value of the property exceeds rupees fifty lakhs but does not exceed rupees five Crores.</p> <p>(iii) Where the amount or market value of the property exceeds rupees five Crores.</p>	<p>The same duty as the conveyance [under Article 20(1)] on the market value of the such property, or consideration, whichever is higher.</p> <p>$\frac{3}{4}$ % of the amount or market value.</p> <p>Rupees thirty seven thousand five hundred plus $\frac{1}{2}$ % of the amount or market value exceeding Rupees fifty lakhs.</p> <p>Rupees thirty seven thousand five hundred plus two lakhs twenty five thousand plus $\frac{1}{4}$ % of the amount or market value exceeding Rupees five crores".</p>
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(iv) In article 24,-

(a) against the entries in column 2, in column 3 the following shall be inserted, namely:-

"One rupee for every one thousand rupees or part thereof on the value of such goods.";

(b) items (i) and (ii) in column 2 shall be omitted; and

(c) in column 2, at the end, the following shall be inserted, namely:-

"Exemption.- Goods imported which are exempted from levy of customs duty by the Government of India."

(v) In article 41,-

(a) in clause (e) in column 3, for the proviso, the following shall be substituted, namely:-

"Provided that the duty paid on agreement for sale under Article 5(e) or instrument of sale or transfer as the case may be, is adjustable towards the duty payable on such power of attorney under Article 41 (e), executed between the same parties and in respect of the same property.";

(b) for clause (ea) and the entries relating thereto, the following shall be substituted, namely:-

<p>" (ea) If relating to construction or development of immovable property, including a multi unit or multi storied house or building or apartment or flat, or portion of it, executed by and between owner or lessee, as the case may be, and developer, having a stipulation, whether express or implied, that, in consideration of the owner or lessee conveying or transferring or disposing off, in any way, the undivided share or portion of land or immovable property; the developer agrees to convey or transfer or dispose off, in any way, the proportionate or agreed share or portion of the</p>	<p>Two Rupees for every one hundred rupees or part thereof, on the Market Value of such undivided share or portion of land or immovable property, consideration and money advanced, if any; or</p> <p>On the Market Value of such share or portion of the constructed or developed building or immovable property, consideration and money advanced, if any; whichever is higher.</p> <p>Provided that, if the proper stamp duty is paid under clause (f) of the Article 5 on an agreement for sale, executed by</p>
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<p>constructed or developed building or immovable property to the owner or lessee, as the case may be.</p> <p>Explanation: The term "Developer" includes promoter or builder or by whatever name called.</p>	<p>and between the same parties and in respect of the same property, then the stamp duty payable on the corresponding power of attorney under clause (ea) of article 41, shall not exceed rupees two hundred."</p> <p>Explanation: The term "money advanced" in this Article, means and includes the security deposit whether refundable or adjustable.</p>
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(c) in clause (eb) in column 3, for the proviso, the following shall be substituted, namely:-

"Provided that the duty paid on agreement for sale under Article 5(e) or instrument of sale or transfer as the case may be is adjustable towards the duty payable on such power of attorney under Article 41 (eb), executed between the same parties and in respect of the same property."

4. Validation.- Notwithstanding anything contained in section 9 of the principal Act, as existed prior to commencement of the Karnataka Stamp (Amendment) Act, 2014 the exemption/remission of stamp duty granted under notification No.RD.144.Munomu.2003 dated 23-04-2003 shall be deemed to have been granted under section 9, as amended by the Karnataka Stamp (Amendment) Act, 2014.

STATEMENT OF OBJECTS AND REASONS

To give effect to the proposals announced in the Budget speech for the year 2014-15, it is considered necessary to amend the Karnataka Stamp Act, 1957 (Karnataka Act No. 34 of 1957), to provide for the following:-

- (1) to avoid double taxation by way of stamp duty levy, it is proposed to exempt the stamp duty on instrument of sale, executed by or between the Bangalore Development Authority and the concerned person, in connection with the allotment of alternate equivalent site to the allottee, consequent to de-notification of the land in question and pursuant to the cancellation of the preceding sale deed which is duly stamped.
- (2) to promote growth in the Aerospace industry, it is proposed to reduce or remit the stamp duty on instruments, executed by or between the concerned persons, in connection with the Karnataka Aerospace Policy 2013-23.
- (3) to give relief/remedy to the instruments exempted from the stamp duty, as specified in the Notification No.RD 144 MuNoMu 2003 dated:23-04-2003. It is proposed to validate the same.
- (4) to generate more revenue in the form of stamp duty, by way of better tax compliance, it is proposed to rationalize the stamp duty on Joint Development Agreement and its consequent power of attorney for joint development, by way of reducing the stamp duty from the current 5% to 2%.
- (5) to rationalize Stamp Duty on Award relating to movable property, it is proposed to reduce the stamp duty on such award from the current 5% to the rates, ranging from minimum $\frac{1}{4}$ (0.25) percent to maximum $\frac{3}{4}$ (0.75) percent, as per the recommendation of the Law Commission of Karnataka (twentieth report).

- (6) To promote the growth of trade/industry relating to the goods being imported in the State of Karnataka, it is proposed to reduce stamp duty on "Delivery order in respect of the goods": from the current 0.5% to 0.1% and to exempt stamp duty on such goods which are exempted from the levy of customs duty by the Government of India. This measure will also generate more revenue in the form of stamp duty by way of better tax compliance.

Hence the Bill.

FINANCIAL MEMORANDUM

There is no extra expenditure involved in the proposed measure.

V. SRINIVASA PRASAD

Minister for Revenue

P. OMPRAKASHA

Secretary

Karnataka Legislative Assembly

ANNEXURE**EXTRACT FROM THE KARNATAKA STAMP ACT, 1957 (KARNATAKA
ACT 34 OF 1957)****XX XX XX****SCHEDULE XX XX XX****5. Agreement or its records or Memorandum of an Agreement,—
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Provided that, where a deed of cancellation of earlier agreement is executed by and between the same parties in respect of the same property and if proper stamp duty has been paid on such agreement, then the duty on such 'deed of cancellation' shall not exceed rupees five hundred.

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(f) If relating to construction or development of an immovable property, including a multi-unit house or building or unit of apartment or flat or portion of a multi-storied building by a developer or builder or promoter or by whatever name called having a stipulation that, for such construction or development, the property shall be held jointly by the developer or builder or promoter or by whatever name called and the owner or lessee, as the case may be, of such property, or that it shall be sold jointly by them or that a part of it shall be held jointly by them and the remaining part thereof shall be sold jointly by them.

One Rupee for every one hundred rupees or part thereof, on the market value of the property which is the subject matter of development in the agreement or on consideration, whichever is higher, subject to a maximum of rupees fifteen lakhs.

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11 Award.- that is to say, any decision in writing by an arbitrator or umpire, not being an award directing a partition, on a reference made otherwise than by an order of the Court in the course of a suit.

The same duty as a conveyance under Article 20(1) on the amount or market value of the property (which is the subject matter of award), whichever is higher.

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24. Delivery-order in respect of Goods, that is to say, any instrument entitling any person, therein named, or his assignees or the holder thereof to the delivery of any goods lying in any dock or port, in any warehouse in which goods are stored or deposited on rent or hire, or upon any wharf such instrument being signed by or on behalf of the owner of such goods upon the sale or transfer of the property therein,

(i) where the value of the goods do not exceed Rs. 1000	
(ii) where the value of the goods exceeds Rs. 1,000, thereof	Rupees five for every rupees one thousand or part thereof
Deposit of title deeds See Agreement relating to Deposit of Title-deeds, Pawn or pledge (No. 6). Dissolution of partnership,- See partnership (No. 40)	

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41. Powers of attorney,— XX

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Provided that the duty paid on such power of attorney is adjustable towards the duty payable on agreement for sale under Article 5(e) or instrument of sale or transfer, as the case may be, executed between the same parties and in respect of the same property.

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(ea) If relating to construction or development of an immovable property , including a multi-unit house or building or One Rupee for every one hundred rupees or part thereof, on the market value of the property which is the subject matter of

unit of apartment or flat or portion of a multi-storied building by a developer or builder or promoter or by whatever name called having a stipulation that, for such construction or development, the property shall be held jointly by the developer or builder or promoter or by whatever name called and the owner or lessee, as the case may be, of such property, or that it shall be sold jointly by them or that a part of it shall be held jointly by them and the remaining part thereof shall be sold jointly by them.

development in the power of attorney or on consideration, whichever is higher subject to a maximum of rupees fifteen lakhs.

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	<p>Provided that the duty paid on such power of attorney is adjustable towards the duty payable on agreement for sale under article 5(e) or on instrument of sale or transfer, as the case may be, executed between the same parties in respect of the same property.</p>
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