

Under Rule 130 of the Tamil Nadu Legislative Assembly Rules, the following Bill which was introduced in the Legislative Assembly of the State of Tamil Nadu on 3rd May, 2012 is published together with Statement of Objects and Reasons for general information:—

L.A. Bill No. 19 of 2012

A Bill further to amend the Indian Stamp Act, 1899 in its application to the State of Tamil Nadu.

BE it enacted by the Legislative Assembly of the State of Tamil Nadu in the Sixty-third Year of the Republic of India as follows:—

1. (1) This Act may be called the Indian Stamp (Tamil Nadu Amendment) Act, 2012.

Short title,
extent and
commence-
ment.

(2) It extends to the whole of the State of Tamil Nadu.

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

Central Act
II of 1899.

2. In Schedule I to the Indian Stamp Act, 1899,

Amendment of
Central Act
II of 1899.

(1) in Article 5, for clause (i), the following clause shall be substituted, namely:—

“(i) if relating to construction of building	One rupee for every hundred rupees or part thereof of the cost of the proposed construction or the value of construction or the consideration specified in the agreement, whichever is higher.
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Explanation.—For the purpose of this clause, “building” includes any unit, residential, commercial, institutional, industrial or otherwise proposed to be constructed on an undivided share of land.”;

(2) in Article 45, in clause (a), for the expression, “partition, subject to the maximum of Rs.10,000 per share”, the expression “partition” shall be substituted;

(3) in Article 46, in clause (b), for the expression, “partition, subject to the maximum of Rs.10,000 per share”, the expression “partition” shall be substituted;

(4) in Article 55, in clause A, for the expression, “release, subject to the maximum of Rs.10,000”, the expression “release” shall be substituted; and

(5) in Article 58, in clause (a), in sub-clause (i), for the expression, “settlement, subject to the maximum of Rs.10,000”, the expression “settlement” shall be substituted.

STATEMENT OF OBJECTS AND REASONS.

Schedule I to the Indian Stamp Act, 1899 (Central Act II of 1899) provides the rate of stamp duty with which the various types of instruments mentioned in the Articles therein are to be charged with. In metropolitan cities and other major towns, dwelling units are mostly constructed in the form of flats and sold by real estate developers. The real estate developers either buy land from the land owners or enter into joint venture with the land owners and construct flats on these lands. While constructing these flats, the real estate developer or the land owner sells only the undivided share of land and register a sale deed for this conveyance only. As far as the built up area is concerned, the real estate developer enters into a Construction Agreement with the prospective buyer and does not registers the Construction Agreement, as it is only an optionally registerable document. Article 5(i) of Schedule I to the said Act provides for charging 8% stamp duty only on the agreements entered into by the vendor for constructing a multi-unit house or building having not less than five floors on the land sold by that vendor and the vendee. In the case of first sale of flats, in most cases, the owner of the land is different from the person who constructs the building. Hence, the purchaser of the flat gets the land, which is undivided, conveyed by the owner of the land and he enters into a construction agreement with the flat developer, who is a different person. So, the Construction Agreement entered into between the purchaser and the flat developer does not fall within the ambit of the aforesaid Article 5(i) and they escape from the payment of stamp duty. In order to prevent such escape of stamp duty on construction agreements, it has been decided to amend Article 5(i) of Schedule I to the said Act so as to provide for chargeability of 1% stamp duty on agreements relating to construction of any building on an undivided share of land; and to amend separately the Registration Act, 1908 (Central Act XVI of 1908) to make the registration of such agreements compulsory.

2. It is also proposed to remove the maximum limit of stamp duty payable on instruments of partition, dissolution of partnership, release and settlement, among family members, as the maximum limit was fixed in the year 2004 and the value of properties has increased manifold.

3. The Government have, therefore, decided to amend the Indian Stamp Act, 1899 (Central Act II of 1899) suitably for the purposes in view.

4. The Bill seeks to give effect to the above decision.

C.Ve.SHANMUGAM,
*Minister for Commercial Taxes and
Registration, Law, Courts and Prisons.*

A.M.P. JAMALUDEEN,
Secretary.