

## **GUIDELINES FOR PAYMENT OF STAMP DUTY AMID COVID-19**

Due to nationwide lockdown the stamp duty collections in most states of India have been witnessing a steep fall and this is mostly due to the reason that property registration offices were shut during the COVID-19 related lockdown. However, government is taking all necessary steps to help the economy in all possible ways. Presently, stamp duty can be paid through following modes: -

### **STAMP PAPER**

Historically, use of stamp papers have been prevalent in India for payment of stamp duty. However, to procure the stamp papers in India is a tedious task as there are very limited number of stamp vendors in India. It has become even more difficult to procure the stamp papers, as the stamp vendor are mandated by stringent government policies to record all the details of the transaction. Many state governments have put in place a ceiling amount on use of stamp paper, in order to promote e-stamps and other online stamp duty payments.

### **FRANKING**

Franking is one of the process of stamping the document or instrument wherein an authorized banks or franking agencies on the document/instrument. This facility is usually available in selected authorized banks or franking agencies. The maximum amount up to which stamp duty can be paid through franking is INR 5000. The major drawback of this mode of stamping is that the rules for making the stamp duty payment differs from banks to banks and these authorized banks have specific quota (limits) per day for franking. Hence, in order to stamp the document through franking one must inform the bank well in advance.

### **ELECTRONIC SECURED BANK & TREASURY RECEIPT (ESBTR)**

ESBTR is one the recent system for the collection of stamp duty, has been implemented in addition to the present franking, for stamp duty payments above INR 5000. However, the limits of ESBTR has been reduced to INR 100 as per the circular issued by the Inspector General of Registration and Controller of Stamps, India. In ESBTR system, taxpayer can pay stamp duty online through Authorised banks portal or over the counter at any of these Authorised banks. On payment of stamp duty, a token number shall be generated. After producing this token number, the bank officer shall make necessary entry in his database and issue ESBTR receipt, which acts as a proof of payment of stamp duty. One of the major advantages of this mode is that it provides a single window payment of stamp duty. However, one must visit the branch in person for getting the ESBTR receipt and if ESBTR receipt is lost, a duplicate cannot be issued.

## **GOVERNMENT RECEIPT ACCOUNTING SYSTEM (GRAS)**

Today most of the states in India have introduced their own GRAS portal to facilitate e-payments of stamp duty and boost revenue for their states. Accordingly, e-payment is a mode of payment in addition to the conventional methods of payment offered by the Government. The acceptance of on-line payment for taxes in the various states, through the internet portals of various banks have been developed, without having any implication on the existing procedure of the executive and accounting agencies of the Department. For availing this facility, the taxpayer is required to have a net-banking account with any of the banks listed by the government on GRAS website. However, facility of payment across the bank Counter is also available (with limited Banks) for those who do not have net banking account with Bank participating in GRAS. On 1st January 2012, State of Maharashtra was one of the first few states to announce GRAS portal for receiving payments electronically.

### **❖ Amendment in the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019**

In order to put in place an economical mechanism for collection of Stamp Duty on Security Market Instruments transactions through Stock Exchanges or Clearing Corporation authorized by Stock Exchanges Depositories an amendment has been made to the Stamp Act, 1899 vide Finance Bill, 2019, to introduce a centralized system of stamp duty with a unified rate for all financial securities transactions. The said changes were to become effective from 9th January 2020 which later were postponed to 1st April 2020 vide notification dated 8th January 2020. However, due to the COVID-19 outbreak, the same has been further extended and will be effective from 1st July 2020. These amendments are referred as Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 and it pertains to regulate the liability of instruments of transaction in stock exchanges and depositories.

### **❖ Circular dated 27th April 2020 issued by Inspector General of Registration and Controller of Stamps, Maharashtra**

Due to current lockdown situation across the country, the Inspector General of Registration and Controller of Stamps, Maharashtra has issued a circular dated 27th April 2020 to clarify on payment of stamp duty on documents executed during the lockdown period, in relation to financial activities of banks or non-banking financial institutions, accordingly following clarifications have been provided: -

- Documents for which registration is mandatory, payment of stamp duty can be made through GRAS portal;
- With respect to documents for which registration is not mandatory, payment of stamp duty has to be made according to section 17 of Maharashtra Stamp Act 1958 and section 10 of the General Clauses Act 1897, hence the documents shall be considered duly stamped, if stamp duty is paid on the first working day after the expiry of the lockdown period in the district where these documents are executed.

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- In case the stamp duty is not paid up to the first working day after the expiry of the lockdown period in the district where these documents are executed, there is an option of adjudication under section 40 of Indian Stamp Act and complete payment of stamp duty.

## CONCLUSION

Evidently, the state of Maharashtra accounts for almost 70 percent of stamp duty collection in our country and acts as a benchmark for other states, hence it seems that other states may follow the footsteps and provide similar guidelines for payment of stamp duty amid current lockdown situation.

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