

# THE INDIAN STAMP ACT, 1899

[ACT NO.II OF 1899]

*[As amended from time to time and as in force immediately before the appointed day, i.e., 02-06-2014 and continues to be in force in the State of Telangana by virtue of section 101 of the Andhra Pradesh Re-organization Act, 2014 (Central Act No.6 of 2014)]*

An Act to consolidate and amend the law relating to stamps.

Whereas it is expedient to consolidate and amend the law relating to stamps, it is hereby enacted as follows:

## Chapter I Preliminary

**1. Short title, extent and commencement.**— (1) This Act may be called “The Indian Stamp Act, 1899.”

(2) It extends to the whole of India except the State of Jammu and Kashmir:

Provided that it shall not apply to the territories which, immediately before the 1<sup>st</sup> November, 1956, were comprised in Part B States (excluding the State of Jammu and Kashmir) and territories specified in sub-section (1) of Section 3 of the States Reorganization Act, 1956 except to the extent to which the provisions of this Act relate to rates of stamp duty in respect of the documents specified in Entry 91 of List I in the Seventh Schedule to the Constitution.

(3) It shall come into force on the first day of July, 1899.

**2. Definitions.**— In this Act, unless there is something repugnant in the subject or context:

(1) "**Banker**".— “Banker” includes a bank and any person acting as a banker;

(2) "**Bill of exchange**".— "Bill of exchange" means a bill of exchange as defined by the Negotiable Instruments Act, 1881 (26 of 1881), and includes also a hundi, and any other document entitling or purporting to entitle any other person whether named therein or not, to payment by any other person of, or to draw upon any other person for, any sum of money;

(3) "**Bill of exchange payable on demand**".- "Bill of exchange payable on demand" includes –

(a) an order for the payment of any sum of money by a bill of exchange or promissory note, or for the delivery of any bill of exchange or promissory note in satisfaction of any sum of money, or for the payment of any sum of money out of any particular fund which may or may not be available, or upon any condition or contingency which may or may not be performed or happen;

(b) an order for the payment of any sum of money weekly, monthly, or at any other stated period; and

(c) letter of credit, that is to say, any instrument by which one person authorizes another to give credit, to the person in whose favour it is drawn;

(4) "**Bill of lading**".- "Bill of lading" includes a "through bill of lading", but does not include a mate's receipt;

(5) "**Bond**".- "Bond" includes-

(a) any instrument whereby a person obliges himself to pay money to another, on condition that the obligation shall be void if a specified act is performed, or is not performed, as the case may be;

(b) any instrument attested by a witness and not payable to order or bearer, whereby a person obliges himself to pay money to another; and

(c) any instrument so attested, whereby a person obliges himself to deliver grain or other agricultural produce to another.

(6) "**Chargeable**".- "Chargeable" means, as applied to an instrument executed or first executed after the commencement of this Act, chargeable under this Act, and, as applied to any other instrument, chargeable under the law in force in (India) when such instrument was executed, or where several persons executed the instrument at different times, first executed;

(7) "**Cheque**".- "Cheque" means a bill of exchange, drawn on a specified banker and not expressed to be payable otherwise than on demand;

(8) [Omitted by Adaptation of Laws Order, 1937]

(9) "**Collector**".- "Collector" means,

(a) within the limits of the towns of Calcutta, Madras and Bombay, the Collector of Calcutta, Madras and Bombay, respectively and, without those limits, the Collector of a district; and

(b) includes a Deputy Commissioner and any officer whom the State Government may, by notification in the Official Gazette, appoint in this behalf;

(10) "**Conveyance**".- "Conveyance" includes a conveyance on sale, every instrument and every decree or final order of any Civil Court, every order made by the High Court under section 394 of the Companies Act, 1956 in respect of amalgamation or merger of companies, by which property, whether movable or immovable, or any estate or interest in any property is transferred to, or declared to be of any other person, intervivos, and which is not otherwise specifically provided for by Schedule-I or schedule I- A, as the case may be;

**Explanation I:** An instrument whereby a co-owner of any property transfers his interest to another co-owner of the property and which is not an instrument of partition, shall, for the purposes of this clause, be deemed to be an instrument by which property is transferred intervivos.

**Explanation II:** An instrument whereby a partner transfers his share in the property of the partnership business to another partner or to other partners, whether separately or together with transfer of another business assets on retirement or dissolution or whereby contributes to the capital of the partnership firm by transferring his right and title to, or interest in any property, is for the purpose of this clause an instrument by which property is transferred.

(11) "**Duly stamped**".- "Duly stamped" as applied to an instrument, means that the instrument bears an adhesive or impressed stamp of not less than the proper amount and that such stamp has been affixed or used in accordance with the law for time being in force in India.

(12) "**Executed**" and "**execution**".- "Executed" and "execution" used with reference to instruments, mean "signed" and "signature";

(13) "**Impressed stamp**".- "Impressed Stamp" includes-

(a) labels affixed and impressed by the proper officer;

(b) stamps embossed or engraved on stamped paper; and

(c) impression by franking machine or any other such machine as the State Government or the Central Government, as the case may be, by notification in the Official Gazette, specify;

(13A) "**India**".- "India" means the territory of India excluding the State of Jammu and Kashmir;

(14) "**Instrument**".- "Instrument" includes every document by which any right or liability is, or purports to be, created, transferred, limited, extended, extinguished or recorded.

(15) "**Instrument of partition**".- "Instrument of partition" means any instrument whereby co-owners of any property divide or agree to divide such property in severalty, and includes also a final order for effecting a partition passed by any revenue authority or any Civil Court and an award by an arbitrator directing a partition and a memorandum regarding past partition;

(16) "**Lease**".- "Lease" means a lease of immovable property, and includes also

(a) a patta;

(b) a kabuliyat or other undertaking in writing, not being a counterpart of a lease, to cultivate, occupy or pay or deliver rent for immovable property;

(c) any instrument by which tolls of any description are let; and

(d) any writing on an application for a lease intended to signify that the application is granted;

(16A) "**Marketable security**".- "Marketable security" means a security of such a description as to be capable of being sold in any stock market in India or in the United Kingdom.

(17) "**Mortgage-deed**".- "Mortgage-deed" includes every instrument whereby, for the purpose of securing money advanced, or to be advanced, by way of loan, or an existing or future debt, or the performance of an engagement, one person transfers, or creates to, or in favour of, another, a right over or in respect of specified property;

(18) "**Paper**".- "Paper" includes vellum, parchment or any other material on which an instrument may be written;

(19) "**Policy of Insurance**".- "Policy of insurance" includes –

(a) any instrument by which one person, in consideration of a premium, engages to indemnify another against loss, damage or liability arising from an unknown or contingent event;

(b) a life-policy, and any policy insuring any person against accident or sickness, and any other personal insurance;

(19A) **"Policy of group insurance".**– "Policy of group insurance" means any instrument covering not less than fifty or such smaller number as the Central Government may approve, either generally or with reference to any particular case, by which an insurer, in consideration of a premium paid by an employer or by an employer and his employees jointly, engages to cover, with or without medical examination and for the sole benefit of persons other than the employer, the lives of all the employees or of any class of them, determined by conditions pertaining to the employment, for amounts of insurance based upon a plan which precludes individual selection;

(20) **"Policy of sea-insurance" or "sea-policy".**– "Policy of sea-insurance" or "sea policy"

(a) means any insurance made upon any ship or vessel (whether for marine or inland navigation), or upon the machinery, tackle or furniture of any ship or vessel, or upon any goods, merchandise or property of any description whatever on board of any ship or vessel, or upon the freight of, or any other interest which may be lawfully insured in, or relating to, any ship or vessel; and

(b) includes any insurance of goods, merchandise or property for any transit which includes, not only a sea risk within the meaning of clause (a), but also any other risk incidental to the transit insured from the commencement of the transit to the ultimate destination covered by the insurance;

Where any person, in consideration of any sum of money paid or to be paid for additional freight or otherwise, agrees to take upon himself any risk attending goods, merchandise or property of any description whatever while on board of any ship or vessel, or engages to indemnify the owner of any such goods, merchandise or property from any risk, loss or damage, such agreement or engagement shall be deemed to be a contract for sea-insurance;

(21) **"Power-of-attorney".**– "Power-of-attorney" includes any instrument (not chargeable with a fee under the law relating to Court-fees for the time being in force) empowering a specified person to act for and in the name of the person executing it;

(22) "**Promissory note**".- "Promissory note" means a promissory note as defined by the Negotiable Instruments Act, 1881(26 of 1881);

It also includes a note promising the payment of any sum of money out of any particular fund which may or may not be available, or upon any condition or contingency which may or may not be performed or happen;

(23) "**Receipt**".- "Receipt" includes any note, memorandum or writing-

(a) whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received; or

(b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt; or

(c) whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged; or

(d) which signifies or imports any such acknowledgment, and whether the same is or is not signed with the name of any person;

(24) "**Settlement**".- "Settlement" means any non-testamentary disposition, in writing, of movable or immovable property whether by way of declaration of trust or otherwise made:

(a) in consideration of marriage;

(b) for the purpose of distributing property of the settler among his family or those for whom he desires to provide, or for the purpose of providing for some person dependent on him; or

(c) for any religious or charitable purpose;

and includes an agreement in writing to make such a disposition and, where any such disposition has not been made in writing, any instrument recording, whether by way of declaration of trust or otherwise, the terms of any such disposition;

(25) "**Soldier**".- "Soldier" includes any person below the rank of non-commissioned officer who is enrolled under the Indian Army Act, 1911 (8 Of 1911);

(26) "**Stamp**".- "Stamp" means any mark, seal or endorsement by any agency or person duly authorised by the State Government, and includes an adhesive or impressed stamp, for the purposes of duty chargeable under this Act.

## **Chapter II**

### **Stamp Duties**

#### **A - Of the liability of Instruments to Duty**

**3. Instruments chargeable with duty.**— Subject to the provisions of this Act and the exemptions contained in Schedule I, the following instruments shall be chargeable with duty of the amount indicated in that Schedule as the proper duty therefor, respectively, that is to say-

(a) every instrument mentioned in that Schedule which, not having been previously executed by any person, is executed in India on or after the first day of July, 1899;

(b) every bill of exchange payable otherwise than on demand or promissory note drawn or made out of India on or after that day and accepted or paid, or presented for acceptance or payment, or endorsed, transferred or otherwise negotiated, in India; and

(c) every instrument (other than a bill of exchange or promissory note) mentioned in that Schedule, which, not having been previously executed by any person, is executed out of India on or after that day, relates to any property situate, or to any matter or thing done or to be done, in India and is received in India:

Provided that, except as otherwise expressly provided in this act and notwithstanding anything contained in Clause (a) or (c) of this section or in Schedule I, the amount indicated in Schedule I-A shall, subject to the exceptions contained in that schedule, be the duty chargeable on the following instruments:

(aa) every instrument, mentioned in Schedule I-A as chargeable with duty under that schedule, which, not having been previously executed by any person, is executed in the State of Telangana on or after the first day of April, 1922;

(bb) every instrument, mentioned in Schedule I-A as chargeable with duty under that schedule, which, not having been previously executed by any person, is executed out of the State of Telangana on or after the first day of April, 1922 and relates to any property situated or to any matter or thing done or to be done in the said State and is received in the said State.

Provided also that no duty shall be chargeable in respect of –

(1) any instrument executed by, or on behalf of, or in favour of, the Government in cases where, but for this exemption, the Government would be liable to pay the duty chargeable in respect of such instrument;

(2) any instrument for the sale, transfer or other disposition, either absolutely or by way of mortgage or otherwise, of any ship or vessel, or any part, interest, share or property of or in any ship or vessel registered under the Merchant Shipping Act, 1894, or under Act 19 of 1838, or the Indian Registration of Ships Act, 1841(x of 1841), as amended by subsequent Acts.

(3) any instrument executed by, or, on behalf of, or, in favour of, the Developer, or Unit or in connection with the carrying out of purposes of the Special Economic Zone.

**Explanation:** For the purposes of this clause, the expressions “Developer” “Special Economic Zone” and “Unit” shall have meanings respectively assigned to them in clause (g), (za) and (zc) of section 2 of the Special Economic Zones Act,2005.

**4. Several instruments used in single transaction of sale, mortgage or settlement.**— (1) Where, in the case of any sale, mortgage or settlement, several instruments are employed for completing the transaction, the principal instrument only shall be chargeable with the duty prescribed in Schedule I, or Schedule I-A, as the case may be, for the conveyance, mortgage or settlement, and each of the other instruments shall be chargeable with a duty of one rupee or five rupees (if the principal instrument be chargeable with the duty prescribed in Schedule I or with a duty of five rupees, if the principal instrument be chargeable with the duty prescribed in Schedule I-A) instead of the duty (if any), prescribed for such other instrument in Schedule –I, or in Schedule I-A, as the case may be.

(2) The parties may determine for themselves which of the instruments so employed shall, for the purposes of sub-section (1), be deemed to be the principal instrument:

Provided that the duty chargeable on the instrument so determined shall be the highest duty which would be chargeable in respect of any of the said instruments employed.

**5. Instruments relating to several distinct matters.**— Any instrument comprising or relating to several distinct matters shall be chargeable with the aggregate amount of the duties with which separate instruments, each comprising or relating to one of such matters, would be chargeable under this Act.

## **6. Instruments coming within several descriptions in Schedule I.—**

Subject to the provisions of the last preceding section, an instrument so framed as to come within two or more of the descriptions in Schedule I, or in Schedule I-A, as the case may be, shall where the duties chargeable thereunder are different, be chargeable only with the highest of such duties:

Provided that nothing in this Act contained shall render chargeable with duty exceeding five rupees a counterpart or duplicate of any instrument chargeable with duty and in respect of which the proper duty has been paid.

## **7. Policies of sea-insurance.—**

(1) Repealed by the Marine Insurance Act, 1963 (11 of 1963).

(2) Repealed by the Marine Insurance Act, 1963 (11 of 1963).

(3) Repealed by the Marine Insurance Act, 1963 (11 of 1963).

(4) Where any sea-insurance is made for or upon a voyage and also for time, or to extend to or cover any time beyond thirty days after the ship shall have arrived at her destination and been there moored at anchor, the policy shall be charged with duty as a policy for or upon a voyage, and also with duty as a policy for time.

**8. Bonds, debentures or other securities issued on loans under Act 11 of 1879.—** (1) Notwithstanding anything contained in this Act, any local authority raising a loan under the provisions of the Local Authorities Loans Act, 1879, or of any other law for the time being in force, by the issue of bonds, debentures or other securities, shall, in respect of such loan, be chargeable with a duty of one per centum on the total amount of the bonds, debentures or other securities issued by it, and such bonds, debentures or other securities need not be stamped and shall not be chargeable with any further duty on renewal, consolidation, sub-division or otherwise.

(2) The provisions of sub-section (1) exempting certain bonds, debentures or other securities from being stamped and from being chargeable with certain further duty shall apply to the bonds, debentures or other securities of all outstanding loans of the kind mentioned therein, and all such bonds, debentures or other securities shall be valid, whether the same are stamped or not:

Provided that nothing herein contained shall exempt the local authority which has issued such bonds, debentures or other securities from the duty chargeable in

respect thereof prior to the twenty-sixth day of March, 1897, when such duty has not already been paid or remitted by order issued by the Central Government.

(3) In the case of willful neglect to pay the duty required by this section, the local authority shall be liable to forfeit to the Government a sum equal to ten per centum upon the amount of duty payable, and a like penalty for every month after the first month during which the neglect continues.

**8-A. Securities dealt in depository not liable to stamp duty.**— Notwithstanding anything contained in this Act or any other law for the time being in force,-

(a) an issuer, by the issue of securities to one or more depositories shall, in respect of such issue, be chargeable with duty on the total amount of security issued by it and such securities need not be stamped;

(b) where an issuer issues certificate of security under sub-section (3) of section 14 of the Depositories Act, 1996 (22 of 1996), on such certificate duty shall be payable as is payable on the issue of duplicate certificate under this Act;

(c) the transfer of –

(i) registered ownership of securities from a person to a depository or from a depository to a beneficial owner;

(ii) beneficial ownership of securities, dealt with by a depository;

(iii) beneficial ownership of units, such units of a Mutual Fund including units of Unit Trust of India established under sub-section (1) of section 3 of the Unit Trust of India Act 1963 (52 Of 1962), dealt with by a depository; shall not be liable to duty under this Act or any other law for the time being in force.

**Explanation 1:** For the purpose of this section, the expressions “beneficial owner”, “depository” and “issuer” shall have the meanings respectively assigned to them in clauses (a), (e) and (f) of sub-section (1) of section 2 of the Depositories Act, 1996 (22 of 1996).

**Explanation 2:** For the purposes of this section, the expression “securities” shall have the meaning assigned to it in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956).

**8-B. Corporatization and demutualization schemes and related instruments not liable to duty.**— Notwithstanding anything contained in this Act or any other law for the time being in force-

(a) a scheme for corporatization or demutualisation, or both of a recognised stock exchange; or

(b) any instrument, including an instrument of, or relating to, transfer of any property, business asset, whether movable or immovable, contract, right, liability and obligation, for the purpose of, or in connection with, the corporatization or demutualisation, or both of a recognised stock exchange pursuant to a scheme;

as approved by the Securities and Exchange Board of India under sub-section (2) of section 4B of the Securities Contracts (Regulation) Act, 1956 (42 of 1956), shall not be liable to duty under this Act or any other law for the time being in force.

**Explanation:** For the purposes of this section –

(a) the expressions “corporatization”, “demutualisation” and “scheme” shall have the meanings respectively assigned to them in clauses (aa), (ab) and (ga) of section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);

(b) “Securities and Exchange Board of India” means the Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

**8-C. Negotiable warehouse receipts not liable to stamp duty.–** Notwithstanding anything contained in this Act, negotiable warehouse receipts shall not be liable to stamp duty.

**8-D. Agreement or document for assignment of receivables not liable to stamp duty.–** Notwithstanding anything contained in this Act or any other law for the time being in force, any agreement or other document for assignment of “receivables” as defined in clause (p) of Section 2 of the Factoring Regulation Act, 2011 in favour of any “factor” as defined in clause (i) of Section 2 of the said Act shall not be liable to duty under this Act or any other law for the time being in force.

**8-E. Conversion of a branch of any bank into a wholly owned subsidiary of bank or transfer of shareholding of a bank to a holding company of bank not liable to duty.–** Notwithstanding anything contained in this Act or any other law for the time being in force :

(a) conversion of a branch of a bank into a wholly owned subsidiary of the bank or transfer of shareholding of a bank to a holding company of the bank in terms of the scheme or guidelines of the Reserve Bank of India shall not be liable to duty under this Act or any other law for the time being in force; or

(b) any instrument, including an instrument of, or relating to, transfer of any property, business, asset whether movable or immovable, contract, right, liability and obligation, for the purpose of, or in connection with, the conversion of a branch of a bank into a wholly owned subsidiary of the bank or transfer of share holding of a bank to a holding company of the bank in terms of the scheme or guidelines issued by the Reserve Bank of India in this behalf, shall not be liable to duty under this Act or any other law for the time being in force.

**Explanation :**

- (i) For the purposes of this section, the expression “bank” means-
- (a) “a banking company” as defined in clause (c) of Section 5 of the Banking Regulation Act, 1949 (10 of 1949);
  - (b) “a corresponding new bank” as defined in clause (da) of Section 5 of the Banking Regulation Act, 1949 (10 of 1949);
  - (c) “State Bank of India” constituted under Section 3 of the State Bank of India Act, 1955 (23 of 1955);
  - (d) “a subsidiary bank” as defined in clause (k) of Section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959);
  - (e) “a Regional Rural Bank” established under Section 3 of the Regional Rural Banks Act, 1976 (21 of 1976);
  - (f) “a Co-operative Bank” as defined in clause (cci) of Section 5 of the Banking Regulation Act, 1949 (10 of 1949);
  - (g) “a multi-State co-operative bank” as defined in clause (cciiia) of Section 5 of the Banking Regulation Act, 1949 (10 of 1949);
- (ii) For the purposes of this section, the expression the “Reserve Bank of India” means the Reserve Bank of India constituted under Section 3 of the Reserve Bank of India Act, 1934 (2 of 1934).

**8-F. Agreement or document for transfer or assignment of rights or interest in financial assets not liable to stamp duty.**— Notwithstanding anything contained in this Act or any other law for the time being in force, any agreement or other document for transfer or assignment of rights or interest in financial assets of banks or financial institutions under Section 5 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (54 of 2002), in favour of any asset reconstruction company, as defined in clause

(ba) of sub-section (1) of Section 2 of that Act, shall not be liable to duty under this Act.

**9. Power to reduce, remit or compound duties.**— (1) The Government if satisfied that it is necessary to do so in the public interest, may, by rule or order published in the Official Gazette,-

(a) reduce or remit, whether prospectively or retrospectively, in the whole or any part of the territories under its administration, the duties with which any instrument or any particular class of instruments, or any of the instruments belonging to such class, or any instrument when executed by or in favour of any particular class of persons, or by or in favour of any members of such class, are chargeable, and

(b) provide for the composition or consolidation of duties in the case of issues by any incorporated company or other body corporate or of transfers where there is a single transferee, whether incorporated or not, of debentures , bonds, shares or policies of insurances , proxies and receipts or other marketable securities.

(2) In this section, the expression "the Government" means,-

(a) in relation to stamp duty in respect of bills of exchange, cheques, promissory notes, bills of lading, letters of credit, policies of insurance, transfer of shares, debentures, proxies and receipts, and in relation to any other stamp duty chargeable under this Act and falling within entry 96 of List I in Schedule VII to the Constitution, the Central Government;

(b) Save as aforesaid, and in respect of clause (b) of sub-section (1), the State Government.

## **B – Of Stamps, and the mode of using them**

**10. Duties how to be paid.**— (1) Except as otherwise expressly provided in this Act, all duties with which any instruments are chargeable shall be paid, and such payment shall be indicated on such instruments by means of stamps-

(a) according to the provisions herein contained; or

(b) when no such provision is applicable thereto, as the State Government may by rule direct.

(2) The rules made under sub-section (1) may, among other matters, regulate-

(a) in the case of each kind of instrument: the description of stamps which may be used;

(b) in the case of instruments stamped with impressed stamps: the number of stamps which may be used;

(c) in the case of bills of exchange or promissory notes: the size of the paper on which they are written.

**10A. Payment of duty in cash.—** (1) Notwithstanding anything contained in section 10, where the Government or the Collector, as the case may be, is satisfied that there is shortage of stamps in the district or stamps of required denominations are not available, the Government or the Collector, may permit payment of the duty to be paid in cash or by way of Demand Draft or by Pay Order and authorize the Treasury Officer or Sub-Treasury Officer or Sub-Registrar or any other officer, as the case may be, on production of a Challan evidencing payment of duty in the Government Treasury or Sub-Treasury or a Demand Draft or Pay Order drawn on a Branch of any scheduled bank, as the case may be, after due verification, to certify in such manner as may be prescribed by endorsement on the instrument of the amount of duty so paid in cash.

**Explanation:** “Government Treasury” includes a Government Sub-Treasury and any other place as the State Government may, by notification in the Telangana Gazette, appoint in this behalf:

Provided that the State Government may, by order published in the Telangana Gazette, direct that the power exercisable by it or by the Collector under this section may be exercised by such other officers as may be specified in the order.

(2) An endorsement made on any instrument under sub-section (1) shall have the same effect as if the duty of an amount equal to the amount stated in the endorsement has been paid in respect thereof and such payment has been indicated on such instrument by means of stamps in accordance with the requirements of Section 10.

(3) Nothing in this section shall apply to:

(i) the payment of stamp duty chargeable on the instruments specified in Entry 91 of List 1 of the Seventh Schedule to the Constitution of India; and

(ii) the instruments presented after four months from the date of their execution or first execution.

**11. Use of adhesive stamps.**— The following instruments may be stamped with adhesive stamps, namely,-

(a) instruments chargeable with a duty not exceeding twenty naye paise, except parts of bills of exchange payable otherwise than on demand and drawn in sets;

(b) bills of exchange and promissory notes drawn or made out of India;

(c) entry as an advocate, vakil or attorney on the roll of a High Court;

(d) notarial acts; and

(e) transfers by endorsement of shares in any incorporated company or other body corporate.

**12. Cancellation of adhesive stamps.**— (1) (a) Whoever affixes any adhesive stamp to any instrument chargeable with duty which has been executed by any person shall, when affixing such stamp, cancel the same so that it cannot be used again; and

(b) whoever executes any instrument on any paper bearing an adhesive stamp shall, at the time of execution, unless such stamp has been already cancelled in manner aforesaid, cancel the same so that it cannot be used again.

(2) Any instrument bearing an adhesive stamp which has not been cancelled so that it cannot be used again, shall, so far as such stamp is concerned, be deemed to be unstamped.

(3) The person required by sub-section (1) to cancel an adhesive stamp may cancel it by writing on or across the stamp his name or initials or the name or initials of his firm with the true date of his so writing, or in any other effectual manner.

**13. Instruments stamped with impressed stamps how to be written.**— Every instrument written upon paper stamped with an impressed stamp shall be written in such manner that the stamp may appear on the face of the instrument and cannot be used for or applied to any other instrument.

**14. Only one instrument to be on same stamp.**— No second instrument chargeable with duty shall be written upon a piece of stamped paper upon which an instrument chargeable with duty has already been written:

Provided that nothing in this section shall prevent any endorsement which is duly stamped or is not chargeable with duty being made upon any instrument for the purpose of transferring any right created or evidenced thereby, or of acknowledging

the receipt of any money or goods the payment or delivery of which is secured thereby.

**15. Instrument written contrary to section 13 or 14 deemed unstamped.–**

Every instrument written in contravention of section 13 or section 14 shall be deemed to be unstamped.

**16. Denoting duty.–** Where the duty with which an instrument is chargeable, or its exemption from duty, depends in any manner upon the duty actually paid in respect of another instrument, the payment of such last mentioned duty shall, if application is made in writing to the Collector for that purpose, and on production of both the instruments, be denoted upon such first mentioned instrument, by endorsement, under the hand of the Collector or in such other manner (if any) as the State Government may, by rule prescribe.

### **C - Of the Time of Stamping Instruments**

**17. Instruments executed in India.–** All instruments chargeable with duty and executed by any person in India shall be stamped before or at the time of execution:

Provided that nothing in this section shall apply to the instruments in respect of which stamp duty has been paid under section 10-A.

**18. Instruments other than bills and notes executed out of India.–** (1) Every instrument chargeable with duty executed only out of India and not being a bill of exchange, or promissory note, may be stamped within three months after it has been first received in India.

(2) Where any such instrument cannot, with reference to the description of stamp prescribed therefor, be duly stamped by a private person, it may be taken within the said period of three months to the Collector, who shall stamp the same, in such manner as the State Government may by rule prescribe, with a stamp of such value as the person so taking such instrument may require and pay for.

**19. Bills and notes drawn out of India.–** The first holder in India of any bill of exchange payable otherwise than on demand, or promissory note drawn or made out of India shall, before he presents the same for acceptance or payment, or endorses, transfers or otherwise negotiates the same in India, affix thereto the proper stamp and cancel the same:

Provided that –

(a) if, at the time any such bill of exchange, or note comes into the hands of any holder thereof in India, the proper adhesive stamp is affixed thereto and cancelled in manner prescribed by section 12 and such holder has no reason to believe that such stamp was affixed or cancelled otherwise than by the person and at the time required by this Act, such stamp shall, so far as it relates to such holder, be deemed to have been duly affixed and cancelled;

(b) nothing contained in this proviso shall relieve any person from any penalty incurred by him for omitting to affix or cancel a stamp.

**19-A. Payment of duty on certain instruments liable to increased duty under clause (bb) of section 3.**— Where any instrument (other than the one in respect of the documents specified in entry 91 of List 1 in the Seventh Schedule to the Constitution) has become chargeable in any part of India other than the State of Telangana with duty under the stamp law in force in that part and thereafter becomes chargeable with a higher rate of duty in the said State under clause (bb) of the first proviso to section 3 –

(i) notwithstanding anything contained in the first proviso to section 3, the amount of duty chargeable on such instrument shall be the amount chargeable on it under Schedule 1-A less the amount of duty, if any, already paid on it in that part;

(ii) in addition to the stamps, if any, already affixed thereto, such instrument shall be stamped with stamps necessary for the payment of the amount of duty chargeable on it under clause (i) in the same manner and at the same time and by the same persons as though such instrument were an instrument received in India for the first time, at the time when it became chargeable with the higher duty; and

(iii) the provisions contained in clause (b) or clause (c) as the case may be, of the proviso to sub-section (3) of section 32 shall, with the necessary modifications, apply to such instruments, but the provisions contained in clause (a) of the said proviso shall not apply thereto.

## **D - Of Valuation for Duty**

**20. Conversion of amount expressed in foreign currencies.**— (1) Where an instrument is chargeable with *ad valorem* duty in respect of any money expressed in any currency other than that of India such duty shall be calculated on the value of such money in the currency of India according to the current rate of exchange on the day of the date of the instrument.

(2) The Central Government may, from time to time, by notification in the Official Gazette, prescribe a rate of exchange for the conversion of British or any foreign currency into the currency of India for the purposes of calculating stamp duty, and such rate shall be deemed to be the current rate for the purposes of subsection (1).

**21. Stock and marketable securities how to be valued.—** Where an instrument is chargeable with ad valorem duty in respect of any stock or of any marketable or other security, such duty shall be calculated on the value of such stock or security, according to the average price or the value of thereof on the day of the date of the instrument.

**22. Effect of statement of rate of exchange or average price.—** Where an instrument contains a statement of current rate of exchange, or average price, as the case may require, and is stamped in accordance with such statement, it shall, so far as regards the subject-matter of such statement, be presumed, until the contrary is proved, to be duly stamped.

**23. Instruments reserving interest.—** Where interest is expressly made payable by the terms of an instrument, such instrument shall not be chargeable with duty higher than that with which it would have been chargeable had no mention of interest been made therein.

**23-A. Certain instruments connected with mortgage of marketable securities to be chargeable as agreements.—** (1) Where an instrument (not being a promissory note or bill of exchange) —

(a) is given upon the occasion of the deposit of any marketable security by way of security for money advanced or to be advanced by way of loan, or for an existing or future debt; or

(b) makes redeemable or qualifies a duly stamped transfer intended as a security, of any marketable security;

it shall be chargeable with duty as if it were an agreement or memorandum of an agreement chargeable with duty under Article 5(c) of Schedule I or Article 5(c) of Schedule I-A, as the case may be.

(2) A release or discharge of any such instrument shall only be chargeable with the like duty.

**24. How transfer in consideration of debt, or subject to future payment, etc., to be charged.—** Where any property is transferred to any person in

consideration, wholly or in part, of any debt due to him, or subject either certainly or contingently to the payment or transfer of any money or stock, whether being or constituting a charge or encumbrance upon the property or not, such debt, money or stock is to be deemed the whole or part, as the case may be, of the consideration and the transfer is chargeable with ad valorem duty in respect of said consideration or market value of the property transferred, whichever is higher:

Provided that nothing in this section shall apply to any such certificate of sale as is mentioned in Article No. 18 of Schedule I or Article 16 of Schedule 1-A , as the case may be.

**Explanation:** In the case of a sale of property subject to a mortgage or other encumbrance, any unpaid mortgage money or money charged, together with the interest (if any) due on the same, shall be deemed to be part of the consideration for the sale:

Provided that, where property, subject to a mortgage is transferred to the mortgagee, he shall be entitled to deduct from the duty payable on the transfer the amount of any duty already paid in respect of the mortgage.

**25. Valuation in case of annuity, etc.–** Where an instrument is executed to secure the payment of an annuity or other sum payable periodically, or where the consideration for a conveyance is an annuity or other sum payable periodically, the amount secured by such instrument or the consideration for such conveyance, as the case may be, shall, for the purposes of this Act be deemed to be, –

(a) where the sum is payable for a definite period so that the total amount to be paid can be previously ascertained – such total amount;

(b) where the sum is payable in perpetuity or for an indefinite time not terminable with any life in being at the date of such instrument or conveyance – the total amount which, according to the terms of such instrument or conveyance, will or may be payable during the period of twenty years calculated from the date on which the first payment becomes due; and

(c) where the sum is payable for an indefinite time terminable with any life in being at the date of such instrument or conveyance – the maximum amount which will or may be payable as aforesaid during the period of twelve years calculated from the date on which the first payment becomes due.

**26. Stamp where value of subject-matter is indeterminate.–** Where the amount or value of the subject-matter of any instrument chargeable with ad valorem

duty cannot be, or (in the case of an instrument executed before the commencement of this Act) could not have been, ascertained at the date of its execution or first execution, nothing shall be claimable under such instrument more than the highest amount of value for which if stated in an instrument of the same description, the stamp actually used would, at the date of such execution, have been sufficient:

Provided that, in the case of the lease of a mine in which royalty or a share of the produce is received as the rent or part of the rent, it shall be sufficient to have estimated such royalty or the value of such share, for the purpose of stamp duty –

(a) when the lease has been granted by or on behalf of the Government, at such amount or value as the Collector may, having regard to all the circumstances of the case, have estimated as likely to be payable by way of royalty or share to the Government under the lease, or

(b) when the lease has been granted by any other person, at twenty thousand rupees a year,

and the whole amount of such royalty or share, whatever it may be, shall be claimable under such lease:

Provided also that, where proceedings have been taken in respect of an instrument under section 31 or 41, the amount certified by the Collector shall be deemed to be the stamp actually used at the date of execution.

**27. Facts affecting duty to be set forth in instrument.**– The consideration if any, the market value of the property and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, shall be fully and truly set forth therein:

Provided that a registering officer appointed under the Registration Act, 1908 or any other officer authorised in this behalf, may inspect the property, which is the subject matter of such instrument, make necessary local enquiries, call for and examine all the connected records and satisfy that the provisions of this section are complied with.

**28. Direction as to duty in case of certain conveyances.**– (1) Where any property has been contracted to be sold for one consideration for the whole, and is conveyed to the purchaser in separate parts by different instruments, the consideration shall be apportioned in such manner as the parties think fit:

Provided that a distinct consideration for, and the market value of, each separate part are set forth in the conveyance relating thereto, and such conveyance shall be chargeable with *ad valorem* duty in respect of such distinct consideration for, or the market value of each such part, whichever is higher.

(2) Where property contracted to be purchased for one consideration for the whole, by two or more persons jointly, or by any person for himself and others, or wholly for others, is conveyed in parts by separate instruments to the persons by or for whom the same was purchased, for distinct parts of the consideration, the conveyance of each separate part shall be chargeable with *ad valorem* duty in respect of the distinct part of the consideration therein specified, or the market value of such separate part, whichever is higher.

(3) Where a person, having contracted for the purchase of any property but not having obtained a conveyance thereof, contracts to sell the same to any other person and the property is in consequence conveyed immediately to the sub-purchaser, the conveyance shall be chargeable with *ad valorem* duty in respect of the consideration for the sale by the original purchaser to the sub-purchaser, or the market value of such separate part, whichever is higher.

(4) Where a person, having contracted for the purchase of any property but not having obtained a conveyance thereof, contracts to sell the whole, or any part thereof, to any other person or persons and the property is in consequence conveyed by the original seller to different persons in parts, the conveyance of each part sold to a sub-purchaser shall be chargeable with *ad valorem* duty in respect only of the consideration paid by such sub-purchaser, or the market value of such part, whichever is higher, without regard to the amount or value of the original consideration; and the conveyance of the residue (if any) of such property to the original purchaser shall be chargeable with *ad valorem* duty in respect only of the excess of the original consideration over the aggregate of the considerations paid by the sub-purchasers, or market value of such separate part, whichever is higher:

Provided that the duty on such last-mentioned conveyance shall in no case be less than five rupees.

(5) Where a sub-purchaser takes an actual conveyance of the interest of the person immediately selling to him, which is chargeable with *ad valorem* duty in respect of the consideration paid by him, or the market value of the property, which is the subject matter of the conveyance, whichever is higher, and is duly stamped accordingly, any conveyance to be afterwards made to him of the same

property by the original seller shall be chargeable with a duty equal to that which would be chargeable on a conveyance for the consideration obtained by such original seller, or the market value of such property, whichever is higher, or where such duty would exceed fifteen rupees, with a duty of fifteen rupees.

### **E-Duty by whom Payable**

**29. Duty by whom payable.**—In the absence of an agreement to the contrary, the expense of providing the proper stamp shall be borne –

(a) in the case of any instrument described in any of the following Articles of Schedule I, or the corresponding Articles of Schedule I-A as the case may be, namely –

No. 2. (Administration Bond),

No. 6. (Agreement relating to Deposit of Title deeds, Pawn or Pledge),

No. 13. (Bill of Exchange),

No. 15. (Bond),

No. 16. (Bottomry Bond),

No. 26. (Customs Bond),

No. 27. (Debenture),

No. 32. (Further Charge),

No. 34. (Indemnity-bond),

No. 40. (Mortgage-deed),

No. 49. (Promissory-note),

No. 55. (Release),

No. 56. (Respondentia Bond),

No. 57. (Security Bond or Mortgage-deed),

No. 58. (Settlement),

No. 62(a). (Transfer of shares in an incorporated company or other body corporate),

No. 62(b). (Transfer of debentures, being marketable securities, whether the debentures are liable to duty or not, except debentures provided for by section 8),

No. 62(c). (Transfer of any interest secured by a bond, mortgage-deed or policy of insurance),

by the person drawing, making or executing such instrument;

(b) in the case of a policy of insurance other than fire-insurance-by the person effecting the insurance;

(bb) in the case of a policy of fire-insurance-by the person issuing the policy;

(c) the case of a conveyance (including a Reconveyance of mortgaged property)-by the grantee: in the case of a lease or agreement to lease-by the lessee or intended lessee:

(d) in the case of a counterpart of a lease-by the lessor;

(e) in the case of an instrument of exchange-by the parties in equal shares;

(f) in the case of a certificate of sale-by the purchaser of the property to which such certificate relates; and

(g) in the case of an instrument of partition by the parties thereto in proportion to their respective shares in the whole property partitioned, or, when the partition is made in execution of an order passed by a Revenue-authority or Civil Court or Arbitrator, in such proportion as such authority, Court or Arbitrator directs.

**30. Obligation to give receipt in certain cases.**— Any person receiving any money exceeding twenty rupees in amount, or any bill of exchange, cheque or promissory note for an amount exceeding twenty rupees, or receiving in satisfaction or part satisfaction of a debt, any movable property exceeding twenty rupees in value, shall, on demand by the person paying or delivering such money, bill, cheque, note or property, give a duly stamped receipt for the same.

Any person receiving or taking credit for any premium or consideration for any renewal of any contract of fire-insurance, shall, within one month after receiving or taking credit for such premium or consideration, give a duly stamped receipt for the same.

## Chapter III

### Adjudication as to Stamps

**31. Adjudication as to proper stamp.**— (1) When any instrument, whether executed or not and whether previously stamped or not, is brought to the Collector, and the person bringing it applies to have the opinion of that officer as to the duty (if any) with which it is chargeable, and pays a fee of such amount (not exceeding fifteen rupees and not less than five rupees) as the Collector may in each case direct, the Collector shall determine the duty (if any) with which, in his judgment, the instrument is chargeable.

(2) For this purpose the Collector may require to be furnished with an abstract of the instrument, and also with such affidavit or other evidence as he may deem necessary to prove that all the facts and circumstances affecting the chargeability of the instrument with duty, or the amount of the duty with which it is chargeable, are fully and truly set forth therein, and may refuse to proceed upon any such application until such abstract and evidence have been furnished accordingly:

Provided that –

(a) no evidence furnished in pursuance of this section shall be used against a person in any civil proceeding, except in an enquiry as to the duty with which the instrument to which it relates is chargeable; and

(b) every person by whom any such evidence is furnished, shall, on payment of the full duty with which the instrument to which it relates, is chargeable, be relieved from any penalty which he may have incurred under this Act by reason of the omission to state truly in such instrument any of the facts or circumstances aforesaid.

**32. Certificate by Collector.**— (1) When an instrument brought to the Collector under section 31 is, in his opinion, one of a description chargeable with duty; and –

(a) the Collector determines that it is already fully stamped, or

(b) the duty determined by the Collector under section 31, or such a sum as, with the duty already paid in respect of the instrument, is equal to the duty so determined, has been paid,

the Collector shall certify by endorsement on such instrument that the full duty (stating the amount) with which it is chargeable has been paid.

(2) When such instrument is, in his opinion, not chargeable with duty, the Collector shall certify in manner aforesaid that such instrument is not so chargeable.

(3) Any instrument upon which an endorsement has been made under this section, shall be deemed to be duly stamped or not chargeable with duty, as the case may be; and, if chargeable with duty, shall be receivable in evidence or otherwise, and may be acted upon and registered as if it had been originally duly stamped:

Provided that nothing in this section shall authorise the Collector to endorse—

(a) any instrument executed or first executed in India and brought to him after the expiration of one month from the date of its execution or first execution, as the case may be;

(b) any instrument executed or first executed out of India and brought to him after the expiration of three months after it has been first received in India; or

(c) any instrument chargeable with a duty of twenty paise, or a mortgage of a crop (Article 36(a) of Schedule I-A) chargeable under clause (aa) or (bb) of section 3 with a duty of forty paise or any bill of exchange or promissory note, when brought to him, after the drawing or execution thereof, on paper not duly stamped.

## **Chapter IV**

### **Instruments not Duly Stamped**

**33. Examination and impounding of instruments.**— (1) Every person having by law or consent of parties authority to receive evidence, and every person in charge of a public office, except an officer of police, before whom any instrument, chargeable, in his opinion, with duty, is produced or comes in the performance of his functions shall, if it appears to him that such instrument is not duly stamped, impound the same.

(2) For that purpose every such person shall examine every instrument so chargeable and so produced or coming before him, in order to ascertain whether it is stamped with a stamp of the value and description required by the law in force in India when such instrument was executed or first executed:

Provided that —

(a) nothing herein contained shall be deemed to require any Magistrate or Judge of a Criminal Court to examine or impound, if he does not think fit so to do, any instrument coming before him in the course of any proceeding other than a proceeding under Chapter XII or Chapter XXXVI of the Code of Criminal Procedure, 1898 (5 of 1898) (now Chapters IX and X(1) of Cr.P.C. 1973);

(b) in the case of a Judge of a High Court, the duty of examining and impounding any instrument under this section may be delegated to such officer as the Court appoints in this behalf.

(3) For the purposes of this section, in cases of doubt, –

(a) the State Government may determine what offices shall be deemed to be public offices; and

(b) the State Government may determine who shall be deemed to be persons-in-charge of public offices.

**34. Special provision as to unstamped receipts.–** Where any receipt chargeable with a duty not exceeding ten naye paise is tendered to or produced before any officer unstamped in the course of the audit of any public account, such officer may, in his discretion, instead of impounding the instrument, require a duly stamped receipt to be substituted therefor.

**35. Instruments not duly stamped inadmissible in evidence, etc.–** No instrument chargeable with duty shall be admitted in evidence for any purpose by any person having by law or consent of parties authority to receive evidence, or shall be acted upon, registered or authenticated by any such person or by any public officer, unless such instrument is duly stamped:

Provided that –

(a) any such instrument not being an instrument chargeable with a duty of twenty paise, or a mortgage of crop ( Article 36(a) of Schedule–IA) chargeable under clause (aa) or (bb) of section 3 with a duty of forty paise or a bill of exchange or promissory note, shall, subject to all just exceptions, be admitted in evidence on payment of the duty with which the same is chargeable or, in the case of an instrument insufficiently stamped, of the amount required to make up such duty, together with a penalty of fifteen rupees, or, when ten times the amount of the proper duty or deficient portion thereof exceeds fifteen rupees, of a sum equal to ten times such duty or portion;

(b) where any person from whom a stamped receipt could have been demanded, has given an unstamped receipt and such receipt, if stamped, would be admissible in evidence against him, then such receipt shall be admitted in evidence against him on payment of a penalty of three rupees by the person tendering it;

(c) where a contract or agreement of any kind is effected by correspondence consisting of two or more letters and any one of the letters bears the proper stamp, the contract or agreement shall be deemed to be duly stamped;

(d) nothing herein contained shall prevent the admission of any instrument in evidence in any proceeding in a Criminal Court, other than a proceeding under Chapter XII or Chapter XXXVI of the Code of Criminal Procedure, 1898 (now Chapters IX and XD of Cr.P.C.1973);

(e) nothing herein contained shall prevent the admission of any instrument in any Court when such instrument has been executed by or on behalf of the Government or where it bears the certificate of the Collector as provided by section 32 or any other provision of this Act.

**36. Admission of instrument where not to be questioned.**— Where an instrument has been admitted in evidence, such admission shall not, except as provided in section 61, be called in question at any stage of the same suit or proceeding on the ground that the instrument has not been duly stamped.

**37. Admission of improperly stamped instruments.**— The State Government may make rules providing that, where an instrument bears a stamp of sufficient amount but of improper description, it may, on payment of the duty with which the same is chargeable, be certified to be duly stamped, and any instrument so certified shall then be deemed to have been duly stamped as from the date of its execution.

**38. Instruments impounded how dealt with.**— (1) When the person impounding an instrument under section 33 has, by law or consent of parties authority to receive evidence and admits, such instrument in evidence upon payment of a penalty as provided by section 35 or of duty as provided by section 37, he shall send to the Collector an authenticated copy of such instrument, together with a certificate in writing, stating the amount of duty and penalty levied in respect thereof, and shall send such amount to the Collector, or to such person as he may appoint in this behalf.

(2) In every other case, the person so impounding an instrument shall send it in original to the Collector.

**39. Collector's power to refund penalty paid under section 38, sub-section (1).—** (1) When a copy of an instrument is sent to the Collector under section 38, sub-section (1) he may, if he thinks fit, refund any portion of the penalty in excess of five rupees, which has been paid in respect of such instrument.

(2) When such instrument has been impounded only because it has been written in contravention of section 13 or section 14, the Collector may refund the whole penalty so paid.

**40. Collector's power to stamp instrument impounded.—** (1) When the Collector impounds any instrument under section 33, or receives any instrument sent to him under section 38, sub-section (2), not being an instrument chargeable with a duty of twenty paise only or a mortgage of crop ( Article 36(a) of Schedule – IA) chargeable under clause (aa) or (bb) of section 3 with a duty of forty paise or a bill of exchange or promissory note, he shall adopt the following procedure:

(a) if he is of opinion that such instrument is duly stamped, or is not chargeable with duty, he shall certify by endorsement thereon that it is duly stamped, or that it is not so chargeable, as the case may be;

(b) if he is of opinion that such instrument is chargeable with duty and is not duly stamped, he shall require the payment of the proper duty or the amount required to make up the same, together with a penalty of the five rupees; or, if he thinks fit, an amount not exceeding ten times the amount of the proper duty or of the deficient portion thereof, whether such amount exceeds or falls short of five rupees:

Provided that, when such instrument has been impounded only because it has been written in contravention of section 13 or section 14, the Collector may, if he thinks fit, remit the whole penalty prescribed by this section.

(2) Every certificate under clause (a) of sub-section (1) shall, for the purposes of this Act, be conclusive evidence of the matters stated therein.

(3) Where an instrument has been sent to the Collector under section 38, sub-section (2), the Collector shall, when he has dealt with it as provided by this section, return it to the impounding officer.

**41. Instruments unduly stamped by accident.—** If any instrument chargeable with duty and not duly stamped, not being an instrument chargeable with a duty of twenty paise only or a mortgage of crop ( Article 36(a) of Schedule– IA) chargeable under clause (aa) or (bb) of section 3 with a duty of forty paise or a bill of exchange or promissory note, is produced by any person of his own

motion before the Collector within one year, from the date of its execution or first execution, and such person brings to the notice of the Collector the fact that such instrument is not duly stamped and offers to pay the Collector the amount of the proper duty, or the amount required to make up the same, and the Collector is satisfied that the omission to duly stamp such instrument has been occasioned by accident, mistake or urgent necessity, he may, instead of proceeding under sections 33 and 40, receive such amount and proceed as next hereinafter prescribed.

**41-A. Recovery of Stamp Duty not levied or short levied.**— (1) Where after the commencement of the Indian Stamp (Andhra Pradesh Amendment) Act, 1986, any instrument chargeable with duty has not been duly stamped and registered by any Registering Officer by mistake and remarked as such by the Collector or any audit party, the Collector may, within five years from the date of registration serve a notice on the person by whom the duty was payable requiring him to show cause why the proper duty or the amount required to make up the same should not be collected from him :

Provided that where the non-payment was by reason of fraud, collusion or any wilful misstatement or suppression of facts or contravention of any of the provisions of this Act or the rules made thereunder with intent to evade payment of duty, the Collector may, within ten years from the date of registration, serve a notice on such person to show cause why the amount required to make up the deficit stamp duty should not be collected from him along with a penalty of three times of deficit stamp duty.

(2) The Collector or any officer specially authorised by a him in this behalf shall, after considering the representation if any, made by the person on whom notice is served under sub-section (1), determine by an order, the amount of duty and penalty due from such person, not being in excess of the amount specified in the notice, and thereupon such person shall pay the amount as determined. On payment of the amount the Collector shall add a certificate under Section 42.

(3) Any person aggrieved by an order under sub-section (2) may prefer an appeal before the Chief Controlling Revenue Authority, Telangana, Hyderabad within three months from the date of such order.

(4) Any amount payable under this section shall be recovered as an arrear of land revenue.

**42. Endorsement of instruments in which duty has been paid under sections 35, 40, 41 or 41-A.**— (1) When the duty and penalty (if any), leviable in

respect of any instrument have been paid under section 35, section 40, section 41, or section 41-A, the person admitting such instrument in evidence or the Collector, as the case may be, shall certify by endorsement thereon that the proper duty or, as the case may be, the proper duty and penalty (stating the amount of each) have been levied in respect thereof, and the name and residence of the person paying them.

(2) Every instrument so endorsed shall thereupon be admissible in evidence, and may be registered and acted upon and authenticated as if it had been duly stamped, and shall be delivered on his application in this behalf to the person from whose possession it came into the hands of the officer impounding it, or as such person may direct:

Provided that –

(a) no instrument which has been admitted in evidence upon payment of duty and a penalty under section 35, shall be so delivered before the expiration of one month from the date of such impounding, or if the Collector has certified that its further detention is necessary and has not cancelled such certificate;

(b) nothing in this section shall affect the Code of Civil Procedure, (14 of 1882), section 144, clause 3.

**43. Prosecution for offence against stamp law.**– The taking of proceedings or the payment of a penalty under this chapter in respect of any instrument shall not bar the prosecution of any person who appears to have committed an offence against the stamp law in respect of such instrument:

Provided that no such prosecution shall be instituted in the case of any instrument in respect of which such a penalty has been paid, unless it appears to the Collector that the offence was committed with an intention of evading payment of the proper duty.

**44. Persons paying duty or penalty may recover same in certain cases.**– (1) When any duty or penalty has been paid under section 35, section 37, section 40 or section 41, by any person in respect of an instrument, and, by agreement or under the provisions of section 29 or any other enactment in force at the time such instrument was executed, some other person was bound to bear the expense of providing the proper stamp for such instrument, the first-mentioned person shall be entitled to recover from such other person the amount of the duty or penalty so paid.

(2) For the purpose of such recovery any certificate granted in respect of such instrument under this Act shall be conclusive evidence of the matters therein certified.

(3) Such amount may, if the Court thinks fit, be included in any order as to costs in any suit or proceeding to which such persons are parties and in which such instrument has been tendered in evidence. If the Court does not include the amount in such order, no further proceedings for the recovery of the amount shall be maintainable.

**45. Power to revenue authority to refund penalty or excess duty in certain cases.**— (1) Where any penalty is paid under section 35 or section 40, the Chief Controlling Revenue Authority may, upon application in writing made within one year from the date of the payment, refund such penalty wholly or in part.

(2) Where, in the opinion of the Chief Controlling Revenue Authority, stamp duty in excess of that which is legally chargeable has been charged and paid under section 35 or section 40, such authority may, upon application in writing made within three months of the order charging the same, refund the excess.

**46. Non-liability for loss of instruments sent under section 38.**— (1) If any instrument sent to the Collector under section 38, sub-section (2), is lost, destroyed or damaged during transmission, the person sending the same shall not be liable for such loss, destruction or damage.

(2) When any instrument is about to be so sent, the person from whose possession it came into the hands of the person impounding the same, may require a copy thereof to be made at the expense of such first-mentioned person and authenticated by the person impounding such instrument.

**47. Power of payer to stamp bills, and promissory notes received by him unstamped.**— When any bill of exchange, or promissory note chargeable with a duty not exceeding ten naye paise is presented for payment unstamped, the person to whom it is so presented, may affix thereto the necessary adhesive stamp, and, upon cancelling the same in manner hereinbefore provided, may pay the sum payable upon such bill or note and may charge the duty against the person who ought to have paid the same, or deduct it from the sum payable as aforesaid, and such bill or note shall, so far as respects the duty, be deemed good and valid:

Provided that nothing herein contained shall relieve any person from any penalty or proceeding to which he may be liable in relation to such bill or note.

**47-A. Instruments of conveyance, etc., under-valued how to be dealt with.**— (1) Where the registering officer appointed under the Registration Act, 1908, (Central Act 16 of 1908), while registering any instrument of conveyance, exchange, gift, partition, settlement, release, agreement relating to construction, development or sale of any immovable property or power of attorney given for sale, development of immovable property, has reason to believe that the market value of the property which is the subject matter or such instrument has not been truly set forth in the instrument, or that the value arrived at by him as per the guidelines prepared or caused to be prepared by the Government from time to time has not been adopted by the parties, he may keep pending such instrument, and refer the matter to the Collector for determination of the market value of the property and the proper duty payable thereon:

Provided that no reference shall be made by the registering officer unless an amount equal to fifty percent of the deficit duty arrived at by him is deposited by the party concerned.

(2) On receipt of a reference under sub-section (1), the Collector shall, after giving the parties an opportunity of making their representation and after holding an enquiry in such manner as may be prescribed by rules made under this Act, determine the market value of the property which is the subject-matter of such instrument and the duty as aforesaid:

Provided that no appeal shall be preferred unless and until the difference, if any, in the amount of duty is paid by the person liable to pay the same, after deducting the amount already deposited by him:

Provided further that where after the determination of market value by the Collector, if the stamp duty borne by the instrument is found sufficient, the amount deposited shall be returned to the person concerned without interest.

(3) The Collector may *suo motu* within two years from the date of registration of such instrument, not already referred to him under sub-section (1), call for and examine the instrument for the purpose of satisfying himself as to the correctness of the market value of the property which is the subject-matter of such instrument and the duty payable thereon and if, after such examination, he has reason to believe that market value of such property has not been truly set forth in the instrument, he may determine the market value of such property and the duty as aforesaid in accordance with the procedure provided for in sub-section (2). The difference, if any, in the amount of duty, shall be payable by the person liable to pay the duty:

Provided that nothing in this sub-section shall apply to any instrument registered before the date of commencement of the Indian Stamp (Andhra Pradesh Amendment) Act, 1971.

(3-A) (i) The Inspector General may *suo motu*, call for and examine the record of any order passed or proceedings recorded by the Collector under sub-section (2) or sub-section (3), and if such order or proceeding recorded is found leading to loss of legitimate revenue due to disregard of market value by the Collector, based on mistake, omission, or failure to take into account, any direct or collateral factual evidence affecting the market value of the property involved in the case referred under sub-section (2) or sub-section (3), as the case may be, may make such enquiry or cause such enquiry and inspection of the property to be made and subject to the provisions of this Act, may initiate proceedings to revise, modify or set aside such order or proceeding and may pass such order in reference thereto as he thinks fit determining the market value and corresponding deficit stamp duty:

Provided that such action for revision shall be initiated within a period of one year from the date of the order or proceeding issued by the Collector acting under sub-section (2) or sub-section (3);

(ii) The power under clause (i) shall not be exercised by the authority specified therein in respect of any issue or question which is the subject-matter of an appeal before, or which was decided on appeal by, the appellate authority under sub-section (5).

(iii) No order shall be passed under clause (i) enhancing any duty unless an opportunity has been given to the party to show cause against the proposed revision of market value and deficit stamp duty.

(iv) Where any action under this sub-section has been deferred in respect of any reference under sub-section (2) or sub-section (3) on account of any stay order granted by the Court in any case, or by reason of the fact that another proceeding is pending before the Court involving a question of law having a direct bearing on the order or proceeding in question, the period during which the stay order was in force or such proceeding was pending shall be excluded in computing the period of one year specified in the proviso to clause (i) for the purpose of exercising the power under this sub-section.

(4) Any person aggrieved by an order of the Collector under sub-section (2) or sub-section (3) may appeal to the appellate authority specified in sub-section (5).

All such appeals shall be preferred within such time and shall be heard and disposed of in such manner, as may be prescribed by rules made under this Act.

(4A) Any person aggrieved by the order of the Inspector General under sub-section (3A) may appeal to the High Court within a period of two months from the date of receipt of such order.

(5) The appellate authority shall be---

(i) in the cities of Hyderabad and Secunderabad, the City Civil Court,

(ii) elsewhere—

(a) the Subordinate Judge or if there are more than one Subordinate Judge, the Principal Subordinate Judge, having jurisdiction over the area in which the property concerned is situated; or

(b) if there is no such Subordinate Judge, the District Judge having jurisdiction over the area aforesaid.

(6) For the purposes of this Act, market value of any property shall be estimated to be the price which in the opinion of the Collector or the appellate authority, as the case may be, such property would have fetched or would fetch if sold in the open market on the date of execution of any instrument referred to in sub-section (1);

Provided that in respect of instruments executed by or on behalf of the Central Government or the State Government or any authority or body incorporate by or under any law for the time being in force and wholly owned by Central/State Government, the market value of any property shall be the value shown in such instrument.

**48. Recovery of duties and penalties.—** (1) All duties, penalties, and other sums required to be paid under this chapter may be recovered by the Collector by distress and sale of the movable property of the person from whom the same are due, or by any other process for the time being in force for the recovery of arrears of land revenue.

(2) All duties, penalties and other sums required to be paid under this chapter, shall be a charge on the properties of the person liable to pay the duties, penalties and other sums:

Provided that such a charge shall be deemed to be applicable to all cases which are pending recovery and to the proceedings initiated under sub-section(1).

(3) Notwithstanding anything contained in the Registration Act, 1908 (Central Act XVI of 1908), a note of such charge and its extinguishment shall be made in the indices prescribed therein and shall be deemed to be a notice under the said Act.

## **Chapter V**

### **Allowances for Stamps in Certain Cases**

**49. Allowance for spoiled stamps.**— Subject to such rules as may be made by the State Government as to the evidence to be required, or the enquiry to be made, the Collector may, on application made within the period prescribed in section 50, and if he is satisfied as to the facts, make allowance for impressed stamps spoiled in the cases hereinafter mentioned, namely-

(a) the stamp on any paper inadvertently and undesignedly spoiled, obliterated or by error in writing or any other means rendered unfit for the purpose intended before any instrument written thereon is executed by any person;

(b) the stamp on any document which is written out wholly or in part, but which is not signed or executed by any party thereto;

(c) in the case of bills of exchange payable otherwise than on demand or promissory notes-

(1) the stamp on any such bill of exchange signed by or on behalf of the drawer which has not been accepted or made use of in any manner whatever or delivered out of his hands for any purpose other than by way of tender for acceptance:

Provided that the paper on which any such stamp is impressed, does not bear any signature intended as or for the acceptance of any bill of exchange to be afterwards written thereon;

(2) the stamp on any promissory note signed by or on behalf of the maker which has not been made use of in any manner whatever or delivered out of his hands;

(3) the stamp used or intended to be used for any such bill of exchange or promissory note signed by, or on behalf of, the drawer thereof, but which from any omission or error has been spoiled or rendered useless, although the same, being a bill of exchange may have been presented for acceptance or accepted or endorsed, or, being a promissory note, may have been delivered to the payee:

Provided that another completed and duly stamped bill of exchange or promissory note is produced identical in every particular except in the correction of such omission or error as aforesaid, with the spoiled bill, or note;

(d) the stamp used for an instrument executed by any party thereto which-

(1) has been afterwards found to be absolutely void in law from the beginning;

(2) has been afterwards found unfit, by reason of any error or mistake therein, for the purpose originally intended;

(3) by reason of the death of any person by whom it is necessary that it should be executed, without having executed the same, or of the refusal of any such person to execute the same, cannot be completed so as to effect the intended transaction in the form proposed;

(4) for want of the execution thereof by some material party, and his inability or refusal to sign the same, is in fact incomplete and insufficient for the purpose for which it was intended;

(5) by reason of the refusal of any person to act under the same, or to advance any money intended to be thereby secured, or by the refusal or non-acceptance of any office thereby granted, totally fails of the intended purpose;

(6) becomes useless in consequence of the transaction intended to be thereby effected being effected by some other instrument between the same parties and bearing a stamp of not less value;

(7) is deficient in value and the transaction intended to be thereby effected has been effected by some other instrument between the same parties and bearing a stamp of not less value;

(8) is inadvertently and undesignedly spoiled, and in lieu whereof another instrument made between the same parties and for the same purpose is executed and duly stamped:

Provided that, in the case of an executed instrument, no legal proceeding has been commenced in which the instrument could or would have been given or offered in evidence and that the instrument is given up to be cancelled.

**Explanation-I:** The certificate of the Collector under section 32 that the full duty with which an instrument is chargeable has been paid is an impressed stamp within the meaning of this section.

**Explanation-II:** The endorsement made under section 10-A is an impressed stamp within the meaning of this section to the extent of the amount as specified therein.

**50. Application for relief under section 49 when to be made.—** The application for relief under section 49 shall be made within the following periods, that is to say, –

(1) in the cases mentioned in clause (d)(5), within two months of the date of the instrument;

(2) in the case of a stamped paper on which no instrument has been executed by any of the parties thereto, within six months after the stamp has been spoiled;

(3) in the case of a stamped paper in which an instrument has been executed by any of the parties thereto, within six months after the date of the instrument, or, if it is not dated, within six months after the execution thereof by the person by whom it was first or alone executed:

Provided that,—

(a) when the spoiled instrument has been for sufficient reasons sent out of India, the application may be made within six months after it has been received back in India;

(b) when, from unavoidable circumstances, any instrument for which another instrument has been substituted, cannot be given up to be cancelled within the aforesaid period; the application may be made within six-months after the date of execution of the substituted instrument.

(4) in the case of instrument bearing an endorsement under section 10-A within six months after the endorsement is made.

**51. Allowance in case of printed forms no longer required by corporations.—** The Chief Controlling Revenue Authority or the Collector if empowered by the Chief Controlling Revenue Authority in this behalf may, without limit of time, make allowance for stamped papers used for printed forms of instruments, by any banker or by any incorporated company or other body corporate, if for any sufficient reason such forms have ceased to be required by the said banker, company or body corporate:

Provided that such authority is satisfied that the duty in respect of such stamped paper has been duly paid.

**52. Allowance for misused stamps.**— (a) When any person has inadvertently used for an instrument chargeable with duty, a stamp of a description other than that prescribed for such instrument by the rules made under this Act, or a stamp of greater value than was necessary, or has inadvertently used any stamp for an instrument not chargeable with any duty; or

(b) when any stamp used for an instrument has been inadvertently rendered useless under section 15, owing to such instrument having been written in contravention of the provisions of section 13;

the Collector may, on application made within six months after the date of the instrument, or, if it is not dated, within six months after the execution thereof by the person by whom it was first or alone executed, and upon the instrument, if chargeable with duty, being re-stamped with the proper duty, cancel and allow as spoiled the stamp so misused or rendered useless.

**53. Allowance for spoiled or misused stamps how to be made.**— In any case in which allowance is made for spoiled or misused stamps, the Collector may give in lieu thereof –

(a) other stamps of the same description and value; or

(b) if required and he thinks fit, stamps of any other description to the same amount in value; or

(c) at his discretion, the same value in money, deducting ten naye paise for each rupee or fraction of a rupee.

**54. Allowance for stamps not required for use.**— When any person is possessed of a stamp or stamps which have not been spoiled or rendered unfit or useless for the purpose intended, but for which he has no immediate use, the Collector shall repay to such person the value of such stamp or stamps in money, deducting ten naye paise for each rupee or portion of a rupee, upon such person delivering up the same to be cancelled, and proving to the Collector's satisfaction –

(a) that such stamp or stamps were purchased by such person with a *bona fide* intention to use them;

(b) that he has paid the full price thereof; and

(c) that they were so purchased within the period of six months next preceding the date on which they were so delivered:

Provided that, where the person is a licensed vendor of stamps, the Collector may, if he thinks fit, make the repayment of the sum actually paid by the vendor without any such deduction as aforesaid.

**54-A. Allowances for stamps in denominations of annas.—**

Notwithstanding anything contained in section 54, when any person is possessed of a stamp or stamps in any denominations, other than in denominations of annas four or multiples thereof and such stamp or stamps has or have not been spoiled, the Collector shall repay to such person the value of such stamp or stamps in money calculated in accordance with the provisions of sub-section (2) of section 14 of the Indian Coinage Act, 1906, upon such person delivering up, within six months from the commencement of the Indian Stamp (Amendment) Act, 1958, such stamp or stamps to the Collector.

**54-B. Allowances for Refugee Relief Stamps.—** Notwithstanding anything contained in section 54, when any person is possessed of stamps bearing the inscription "Refugee Relief" (being stamps issued in pursuance of section 3-A before its omission) and such stamps have not been spoiled, the Collector shall, upon such person delivering up, within six months from the commencement of the Refugee Relief Taxes (Abolition) Act, 1973, such stamps to the Collector, refund to such person the value of such stamps in money or give in lieu thereof other stamps of the same value:

Provided that the State Government may, with a view to facilitating expeditious disposal of claims for such refunds, specify, in such manner as it deems fit, any other procedure which may also be followed for claiming such refund.

**55. Allowance on renewal of certain debentures.—** When any duly stamped debenture is renewed by the issue of a new debenture in the same terms, the Collector shall, upon application made within one month, repay to the person issuing such debenture, the value of the stamp on the original or on the new debenture, whichever shall be less:

Provided that the original debenture is produced before the Collector and cancelled by him in such manner as the State Government may direct.

**Explanation:** A debenture shall be deemed to be renewed in the same terms within the meaning of this section notwithstanding the following changes:

(a) the issue of two or more debentures in place of one original debenture, the total amount secured being the same;

(b) the issue of one debenture in place of two or more original debentures, the total amount secured being the same;

(c) the substitution of the name of the holder at the time of renewal for the name of the original holder; and

(d) the alteration of the rate of interest or the dates of payment thereof.

## **Chapter –VI**

### **Reference and Revision**

**56. Control of, and statement of case to, Chief Controlling Revenue Authority.**– (1) The power exercisable by a Collector under Chapter IV and Chapter V and under clause (a) of the first proviso to section 26 shall in all cases be subject to the control of the Chief Controlling Revenue Authority.

(2) If any Collector, acting under section 31, section 40 or section 41, feels doubt as to the amount of duty with which any instrument is chargeable, he may draw up a statement of the case, and refer it, with his own opinion thereon, for the decision of the Chief Controlling Revenue Authority.

(3) Such authority shall consider the case and send a copy of its decision to the Collector who shall proceed to assess and charge the duty (if any) in conformity with such decision.

**57. Statement of case by Chief Controlling Revenue Authority to High Court.**– (1) The Chief Controlling Revenue Authority may state any case referred to it under section 56, sub-section (2), or otherwise coming to its notice, and refer such case, with its own opinion thereon,-

(a) if it arises in a State, to the High Court for that State;

(b) if it arises in the Union Territory of Delhi, to the High Court of Delhi;

(c) if it arises in the Union Territory of Arunachal Pradesh or Mizoram, to the Guwahati High Court (the High Court of Assam, Nagaland, Meghalaya, Manipur and Tripura);

(d) if it arises in the Union Territory of the Andaman and Nicobar Islands, to the High Court of Calcutta;

(e) if it arises in the Union Territory of the Lakshadweep, to the High Court of Kerala;

(ee) if it arises in the Union Territory of Chandigarh, to the High Court of Punjab and Haryana;

(eee) if it arises in the Union Territory of Pondicherry to the High Court of Madras;

(f) if it arises in the Union Territory of Dadra and Nagar Haveli, to the High Court of Bombay;

(g) if it arises in the Union Territory of Goa, Damman, and Diu to the High Court of Bombay;

(2) Every such case shall be decided by not less than three Judges of the High Court to which it is referred, and in case of difference, the opinion of the majority shall prevail.

**58. Power of High Court to call for further particulars as to case stated.—**

If the High Court is not satisfied that the statements contained in the case are sufficient to enable it to determine the questions raised thereby, the Court may refer the case back to the Revenue authority by which it was stated, to make such additions thereto or alterations therein as the Court may direct in that behalf.

**59. Procedure in disposing of case stated.—** (1) The High Court, upon the hearing of any such case, shall decide the questions raised thereby, and shall deliver its judgment thereon containing the grounds on which such decision is founded.

(2) The Court shall send to the Revenue Authority by which the case was stated, a copy of such judgment under the seal of the Court and the signature of the Registrar; and the Revenue Authority shall, on receiving such copy, dispose of the case conformably to such judgment.

**60. Statement of case by other Courts to High Court.—** (1) If any Court, other than a Court mentioned in section 57, feels doubt as to the amount of duty to be paid in respect of any instrument under proviso (a) to section 35, the Judge may draw up a statement of the case and refer it, with his own opinion thereon, for the decision of the High Court to which, if he were the Chief Controlling Revenue Authority, he would, under section 57, refer the same.

(2) Such Court shall deal with the case as if it had been referred under section 57, and send a copy of its judgment under the seal of the Court and the signature of the Registrar to the Chief Controlling Revenue authority and other like copy to the Judge making the reference, who shall, on receiving such copy, dispose of the case conformably to such judgment.

(3) References made under sub-section (1), when made by a Court, subordinate to a District Court, shall be made through the District Court, and, when made by any subordinate Revenue Court, shall be made through the Court immediately superior.

**61. Revision of certain decisions of Courts regarding the sufficiency of stamps.**— (1) When any Court in the exercise of its civil or revenue jurisdiction or any Criminal Court in any proceeding under Chapter XII or Chapter XXXVI of the Code of Criminal Procedure, 1898, makes any order admitting any instrument in evidence as duly stamped or as not requiring a stamp, or upon payment of duty and a penalty under section 35, the Court to which appeals lie from, or references are made by, such first-mentioned Court may, of its own motion or on the application of the Collector, take such order into consideration.

(2) If such Court, after such consideration, is of opinion that such instrument should not have been admitted in evidence without the payment of duty and penalty under section 35, or without the payment of a higher duty and penalty than those paid, it may record a declaration to that effect, and determine the amount of duty with which such instrument is chargeable, and may require any person in whose possession or power such instrument then is, to produce the same, and may impound the same when produced.

(3) When any declaration has been recorded under sub-section (2), the Court recording the same shall send a copy thereof to the Collector, and, where the instrument to which it relates has been impounded or is otherwise in the possession of such Court, shall also send him such instrument.

(4) The Collector may thereupon, notwithstanding anything contained in the order admitting such instrument in evidence, or in any certificate granted under section 42, or in section 43, prosecute any person for any offence against the Stamp law which the Collector considers him to have committed in respect of such instrument:

Provided that –

(a) no such prosecution shall be instituted where the amount (including duty and penalty) which, according to the determination of such Court, was payable in respect of the instrument under section 35, is paid to the Collector, unless he thinks that the offence was committed with an intention of evading payment of the proper duty;

(b) except for the purposes of such prosecution, no declaration made under this section shall affect the validity of any order admitting any instrument in evidence, or of any certificate granted under section 42.

## **Chapter VII**

### **Criminal Offences and Procedure**

**62. Penalty for executing, etc., instrument not duly stamped.**— (1) Any person –

(a) drawing, making, issuing, endorsing or transferring, or signing otherwise than as a witness, or presenting for acceptance or payment, or accepting, paying or receiving payment of or in any manner negotiating, any bill of exchange payable otherwise than on demand or promissory note without the same being duly stamped; or

(b) executing or signing otherwise than as a witness any other instrument chargeable with duty without the same being duly stamped; or

(c) voting or attempting to vote under any proxy not duly stamped;

shall for every such offence be punishable with fine which may extend to five hundred rupees:

Provided that, when any penalty has been paid in respect of any instrument under section 35, section 40 or section 61, the amount of such penalty shall be allowed in reduction of the fine (if any) subsequently imposed under this section in respect of the same instrument upon the person who paid such penalty.

(2) If a share warrant is issued without being duly stamped, the company issuing the same, and also every person who, at the time when it is issued, is the managing director or secretary or other principal officer of the company, shall be punishable with fine which may extend to five hundred rupees.

**63. Penalty for failure to cancel adhesive stamp.**— Any person required by section 12 to cancel an adhesive stamp, and failing to cancel such stamp in manner prescribed by that section, shall be punishable with fine which may extend to one hundred rupees.

**64. Penalty for omission to comply with provisions of section 27.**— Any person who, with intent to defraud the Government,—

(a) executes any instrument in which all the facts and circumstances required by section 27 to be set forth in such instrument are not fully and truly set forth; or

(b) being employed or concerned in or about the preparation of any instruments, neglects or omits fully and truly to set forth therein all such facts and circumstances; or

(c) does any other act calculated to deprive the Government of any duty or penalty under this Act,

shall be punishable with fine which may extend to five thousand rupees.

**64-A. Recovery of amount of deficit stamp duty.**— (1) Where any person liable to pay duty under this Act is convicted of an offence under section 64 in respect of any instrument (not being an instrument specified in entry 91 of list I in the Seventh Schedule to the Constitution) the Magistrate shall, in addition to the punishment which may be imposed for such offence, recover summarily and pay over to the Collector, the amount of duty if any, due under this Act from such person in respect of that instrument and the Collector shall thereupon certify by endorsement on that instrument that proper duty has been levied in respect thereof;

Provided that if the person referred to in this sub-section has already paid any amount towards the duty payable under this Act in respect of the instrument, in relation to which such person was convicted, the Magistrate shall recover only the difference in the amount of duty.

(2) The amount recoverable under sub-section (1) shall be recovered by the Magistrate, as if it were fine imposed under the Code of Criminal Procedure, 1973 (2 of 1974).

**65. Penalty for refusal to give receipt; and for devices to evade duty on receipts.**— Any person who,—

(a) being required under section 30 to give a receipt, refuses or neglects to give the same; or

(b) with intent to defraud the Government of any duty, upon a payment of money or delivery of property exceeding twenty rupees in amount or value, gives a receipt for an amount or value not exceeding twenty rupees, or separates or divides the money or property paid or delivered,

shall be punishable with fine which may extend to one hundred rupees.

**66. Penalty, for not making out policy or making one not duly stamped.–**

Any person who –

(a) receives, or takes credit for, any premium or consideration for any contract of insurance and does not, within one month after receiving, or taking credit for, such premium or consideration, make out and execute a duly stamped policy of such insurance; or

(b) makes, executes or delivers out any policy which is not duly stamped, or pays or allows in account, or agrees to pay or allow in account, any moneys upon, or in respect of, any such policy,

shall be punishable with fine which may extend to two hundred rupees.

**67. Penalty for not drawing full number of bills or marine policies purporting to be in sets.–** Any person drawing or executing a bill of exchange payable otherwise than on demand or a policy of marine insurance purporting to be drawn or executed in a set of two or more, and not at the same time drawing or executing on paper duly stamped the whole number of bills or policies of which such bill or policy purports the set to consist, shall be punishable with fine which may extend to one thousand rupees.

**68. Penalty for post-dating bills, and for other devices to defraud the revenue.–** Any person who –

(a) with intent to defraud the Government of duty, draws, makes or issues any bill of exchange or promissory note bearing a date subsequent to that on which such bill or note is actually drawn or made; or

(b) knowing that such bill or note has been so post-dated, endorses, transfers, presents for acceptance or payment, or accepts, pays or receives payment of, such bill or note, or in any manner negotiates the same; or

(c) with the like intent, practices or is concerned in any act, contrivance or device not specially provided for by this Act or any other law for the time being in force, shall be punishable with fine which may extend to one thousand rupees.

**69. Penalty for breach of rule relating to sale of stamps and for unauthorised sale.–** (a) Any person appointed to sell stamps who disobeys any rule made under section 74; and

(b) any person not so appointed who sells or offers for sale any stamp (other than a ten naye paise or five naye paise adhesive stamp),

shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to five hundred rupees, or with both.

**70. Institution and conduct of prosecution.**— (1) No prosecution in respect of any offence punishable under this Act or any Act hereby repealed, shall be instituted without the sanction of the Collector or such other officer as the State Government generally, or the Collector specially, authorises in that behalf.

(2) The Chief Controlling Revenue Authority, or any officer generally or specifically authorised by it in this behalf, may stay any such prosecution or compound any such offence by levying a compounding fee which shall include the deficit stamp duty, if any and a penalty of three times of the deficit stamp duty.

(3) The amount of any such composition shall be recoverable in the manner provided by Section 48.

**71. Jurisdiction of Magistrate.**— No Magistrate other than a Presidency Magistrate or a Magistrate whose powers are not less than those of a Magistrate of the second class, shall try any offence under this Act.

**72. Place of trial.**— Every such offence committed in respect of any instrument may be tried in any district or Presidency town in which such instrument is found, as well as in any district or Presidency town in which such offence might be tried under the Code of Criminal Procedure for the time being in force.

## **Chapter VIII**

### **Supplemental Provisions**

**73. Books, etc., to be kept open for inspection.**— (1) Every public officer or any person having in his custody any registers, books, records, papers, documents or proceedings, the inspection whereof may tend to secure any duty, or to prove or lead to the discovery of any fraud or omission in relation to any duty, shall at all reasonable times permit any person authorised in writing by the Collector to enter upon any premises and to inspect for such purpose the registers, books, records, papers, documents and proceedings and to take such notes and extracts as he may deem necessary, without fee or charge and if necessary to seize them and impound the same under the proper acknowledgement:

Provided that such seizure of any registers, books, records, papers, documents or other proceedings, in the custody of any Bank be made only after a notice of thirty days to make good the deficit stamp duty is given.

**Explanation:** For the purposes of this proviso 'bank' means a banking company as defined in Section 5 of the Banking Regulation Act, 1949 and includes the State Bank of India, constituted by the State Bank of India Act, 1955 a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959, a corresponding new bank as defined in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, a Regional Rural Bank established under the Regional Rural Banks Act, 1976, the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964, National Bank for Agriculture and Rural Development established under the National Bank for Agriculture and Rural Development Act, 1981, the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, the Industrial Finance Corporation of India established under the Industrial Finance Corporation Act, 1948 and such other financial or banking institution owned, controlled or managed by a State Government or the Central Government, as may be notified in this behalf by the Government.

(2) Every person having in his custody or maintaining such registers, books, records, papers, documents or proceedings shall, when so required by the officer authorised under sub-section (1), produce them before such officer and at all reasonable times permit such officer to inspect them and take such notes and extracts as he may deem necessary.

(3) If upon such inspection, the person so authorised is of opinion that any instrument is chargeable with duty and is not duly stamped, he shall require the payment of the proper duty or the amount required to make up the same from the person liable to pay the stamp duty; and in case of default the amount of the duty shall be recovered as an arrear of land revenue.

**74. Power to make rules relating to sale of stamps.**— The State Government, may make rules for regulating –

- (a) the supply and sale of stamps and stamped papers,
- (b) the persons by whom alone such sale is to be conducted, and
- (c) the duties and remuneration of such persons:

Provided that such rules shall not restrict the sale of ten naye paise or five naye paise adhesive stamps.

**75. Power to make rules generally to carry out Act.**— The State Government may make rules to carry out generally the purposes of this Act, and may by such rules prescribe the fines, which shall in no case exceed five hundred rupees, to be incurred on breach thereof.

**75-A. Rules made by the State Government to be laid before the State Legislature.**— All Rules made by the State Government under this Act shall, unless they are expressed to come into force on a particular day, come into force on the date on which they are published in the Official Gazette.

(2) Every rule made under this section shall, immediately after it is made, be laid before each House of the State Legislature if it is in session, and if it is not in session, in the session immediately following, for a total period of fourteen days which may be comprised in one session or in two successive sessions, and if, before the expiration of the session in which it is so laid or the session immediately following, both the Houses agree in making any modification in the rule or in the annulment of the rule, the rule shall thereafter have effect only in such modified form or shall stand annulled, as the case may be, so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

**76. Publication of rules.**— (1) All rules made under this Act shall be published in the Official Gazette.

(2) All rules published as required by this section shall, upon such publication, have effect as if enacted by this Act.

(3) Every rule made by the State Government under this Act shall be laid, as soon as may be after it is made, before the State Legislature.

**76-A. Delegation of certain powers.**— The State Government may, by notification in the Official Gazette, delegate —

(a) all or any of the powers conferred on it by sections 2(9), 33(3)(b), 70 (1), 74 and 78 to the Chief Controlling Revenue Authority;

(b) all or any of the powers conferred on the Chief Controlling Revenue Authority by sections 45 (1) (2), 56(1) and 70(2) to such Subordinate Revenue Authority as may be specified in the notification ; and

(c) all or any of the powers conferred on it by section 9(1) (b) to the Commissioner and Inspector General of Registration and Stamps.

**77. Saving as to Court-fees.**— Nothing in this Act contained shall be deemed to affect the duties chargeable under any enactment for the time being in force relating to Court-fees.

**77- A. Saving as to certain stamps.**— All stamps in denominations of annas four or multiples thereof shall be deemed to be stamps of the value of twenty-five naye paise or, as the case may be, multiples thereof and shall, accordingly, be valid for all the purposes of this Act.

**78. Duty to be paid or allowance to be made for fractions of ten paise.**— In the determination of the amount of duty payable or of allowances to be made under this Act, any fraction in ten paise equal to or exceeding five paise, shall be counted as ten paise, and other fraction of ten paise shall be disregarded.