

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:574
ANSWERED ON:25.11.2005
STAMP DUTY IN SM
Yadav Shri Parasnath

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government of Maharashtra had decided to impose stamp duty on members of Bombay and National Stock Exchanges and Members have passed on this duty on the investors/arbitrageurs;
- (b) if so, whether some State Governments have also imposed stamp duty on the Members of BSE/NSE who have routed through terminals outside Maharashtra State;
- (c) if so, the details of those States thereof alongwith the reasons for imposing double stamp duty therefor;
- (d) whether his Ministry has issued any instructions to the State Governments that the double charges of stamp duty should be abolished in States on all stock transactions particularly on non-delivery based transactions;
- (e) if so, the details thereof alongwith the name of those States who have implemented those instructions; and
- (f) if not, the time by which these instructions are likely to be issued in view to safeguard the interests of the general investors?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (c): Under the Constitution of India, Stamp Duties (but not including rates of stamp duty) fall under Entry 44 of the Concurrent List. Thus, both the Centre as well as the States have the powers to legislate. Regarding rates of stamp duty, the Central Government has powers to fix the rates in respect of 10 instruments listed in Entry 91 of the Union List, whereas States have the powers in respect of the remaining instruments by virtue of Entry 63 of the State List. The revenue from stamp duty is collected and appropriated by the State concerned. Generally, the stamp duty was being levied by various States on the contract notes, in respect of security transactions, sent by the broker to the principal (investor) in the respective States. The Government of Maharashtra has amended the Bombay Stamp Act, 1958, as a result of which, record of transactions effected by a trading member through a stock exchange has been subjected to stamp duty, which would also cover transactions taking place through stock exchanges in Maharashtra, but for which the brokers or investors are located outside Maharashtra, thereby resulting in such brokers/ investors being subjected to stamp duty by two States, in some cases.

(d) to (f): The constitutional/ legal validity of the amendment carried out by the Government of Maharashtra has been challenged by a petitioner in Hon'ble Delhi High Court. The Union of India has also been made party to the case. The matter is presently sub-judice. In view of this, the Central Government has not issued any instructions to the States in this regard. _____