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GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI  
FINANCE DEPARTMENT  
Delhi Secretariat, New Delhi - 110002**

**Minister-in-Charge : Shri A.K. Walia  
Minister of Finance**  
**Secretary-in-Charge : Shri V.V. Bhat  
Pr. Secretary (Finance)**

**NOTE FOR COUNCIL OF MINISTERS**

**Sub: Amendment of Schedule I A of the Indian Stamp Act, 1899(2 of 1899) as applicable in the National Capital Territory of Delhi.**

**1. Introduction: -**

The present proposal is for reduction of stamp duty on instruments of conveyance with a view to rationalizing duty structure on transactions of property in Delhi on the model proposed in JNNURM. Earlier, stamp duty was reduced on conveyance as defined under clause (10) of section 2 of the Indian Stamp Act, 1899 (2 of 1899) from 8% to 5% and to 3% in the case of women, in the year 2003, through notification, and subsequent amendment of the Indian Stamp Act made in 2005. In addition to this, 3% surcharge on stamp duty on transfer of property is levied by Municipal Corporation of Delhi under section 147 of the Delhi Municipal Corporation Act, 1957 and by New Delhi Municipal Council (NDMC) under section 93 of the New Delhi Municipal Council, Act 1994.

**2. Need of the proposal**

2.1 The Government of India has recommended Urban Reforms under JNNURM. It has envisaged Memorandum of Agreement with the States, which lays down that the State will undertake to revise stamp duty rates so as to reach the level of not more than 5%. JNNURM has prescribed a rate not more than 5%. It envisages that a lower rate of stamp duty will reduce use of black money for property transactions facilitate bonafide transactions and increase potential for larger revenue collection. The Department of Urban Development, Govt. of NCT of Delhi and the MCD/NDMC have to sign Memorandum of Understanding (MOU) with the Government of India

2.2 In the NCT of Delhi, the rate of stamp duty in respect of conveyance deed under Article 23 of Schedule 1A of the Indian Stamp Act, 1899, at present, is as under: -

	Stamp duty	Surcharge on stamp duty on transfer of property (MCD)	Total incidence
Man	5%	3%	8%
Woman	3%	3%	6%

2.3 In a meeting between the Hon'ble Finance Minister and the Chairman, Standing Committee of Municipal Corporation of Delhi on the 19<sup>th</sup> July, 2007, the Chairman of the Standing Committee has agreed to bring down the surcharge on stamp duty on transfer of property in case of women by 1%. For this, appropriate legal means have to be taken by MCD and NDMC.

2.4 In the context of Delhi, it is proposed that since, already concessional rate prevails for women, 6% for men and 4% for women (including surcharge levied by MCD/NDMC) will be appropriate.

To reduce the stamp duty charged by GNCTD, rate of stamp duty under Article 23 of the Schedule 1 A appended to the Indian Stamp Act 1899 may be amended as under: -

	Stamp duty	Surcharge on stamp duty on transfer of property (MCD)	Total incidence
Man	3%	3%	6%
Woman	2%	2%	4%

2.5 The amendment in Article 23 will also affect following articles.

(1) Under Schedule – 1

23A – Conveyance in the nature of part performance.

(2) Under Schedule - 1A

18 - Certificate of sale, 31 – Exchange, 32 – Further charge on mortgage property 33 – Gift, 35 – Lease {35(a)(iii), (iv), (v), (vi), (vii), (viii), 35(b) and 35(c)}, 40(a) – Mortgage

48(f) – Power of attorney with consideration, 54(a) – Re-conveyance, 63 – Transfer of lease, 64(A) – Trust;

2.6 It is anticipated that any revenue loss due to rate reduction will be offset by the introduction of circle rates and better compliance, increased bonafide transactions and transparency.

3. The Indian Stamp Act, 1899 (2 of 1899) is a Central Legislation and any amendment therein will require prior approval of the Government of India. Since the Legislative Assembly is not in session, it is proposed to promulgate an Ordinance (Annexure A).

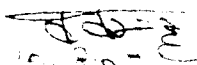
4. The Cabinet Note has been shown to the Departments of Law, Urban Development and Revenue, in addition to Commissioner MCD and Chairperson NDMC along with the Draft Ordinance. The comments of these Departments are as under - Law Department – has vetted the proposal and has found need for the proposed legislation from the legal point of view to be justified.

Urban Development Department's suggestions have been incorporated.

5. The following proposals are placed before the Council of Ministers for its consideration and decision:-

- (i) The draft of the Indian Stamp (Delhi Amendment) Ordinance, 2007 may be approved.
- (ii) The draft Ordinance as approved by the Council of Ministers may be referred to the Central Government in the Ministry of Home Affairs for seeking instructions of the President of India, with the approval of the Lt. Governor, Delhi, with regard to the promulgation thereof by the Lt. Governor.

6. This Cabinet note has the prior approval of the Minister-in-Charge

  
10.30-3  
[V.V. BHAT]  
Pr Secretary Finance