

STAMP DUTY

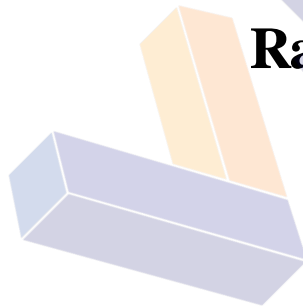
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Learning Outcomes

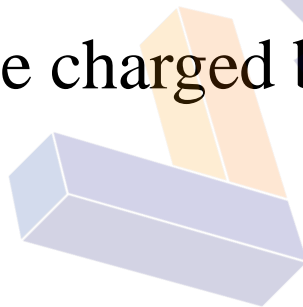
At the end of the lesson, the students should be able to:

1. Applicability of stamp duty
2. Relevant instrument for stamp duty
3. Exemption for stamp duty
4. Applicable stamp duty rates



Introduction

- Stamp Duty was imposed on certain instrument by Stamp Duty Act No. 43 of 1982. in 2002, Stamp Duty administered by central government was suspended and reintroduced with effect from 01.04.2006 by the *Stamp Duty (Special Provisions) Act No.12 of 2006*.
- How ever the stamp duty continued to be charged on the **transfer of immovable properties, on civil proceeding and on transfer of Motor Vehicles** by the Provincial Councils under the Act No. 43 of 1982
- This tax will be charged by **both central government** and **provincial council**.



Chargeability of Stamp Duty

- As per the *Stamp Duty (Special Provisions) Act No. 12 of 2006*, stamp duty shall be charged at such rate as Minister may determined by order published in the Gazette on every “*Specific Instrument*”.



Specific Instruments

Stamp duty should pay on specific instrument,

1. *An affidavit.*
2. *A receipt.*
3. *A lease or hire of any property.*
4. *A policy of insurance.*
5. *A promissory note.*
6. *A transaction entered using credit card.*
7. *A mortgage of any property*

Specific Instruments

Stamp duty should pay on **specific instrument**,

8. *A gift or transfer .*

9. *A deed transfer.*

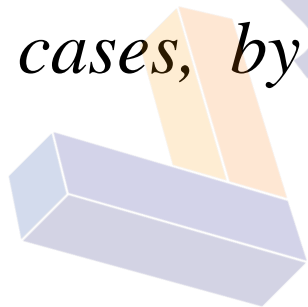
10. *A warrant to act as Notary Public.*



Who Should Pay (Bear) Stamp Duty (Sec.6)

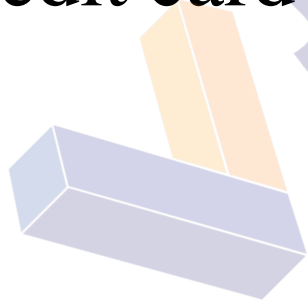
Stamp Duty shall be payable by following persons,

- a. In the case of a policy insurance, by the person affecting the insurance;*
- b. In the case of a lease, by the lessee;*
- c. In the case of a warrant to act as Notary Public, by the person applying for the office of Notary;*
- d. In the case claim, demand made by a service provider from credit card holder*
- e. In all other cases, by the person drawing, making or executing such instrument*

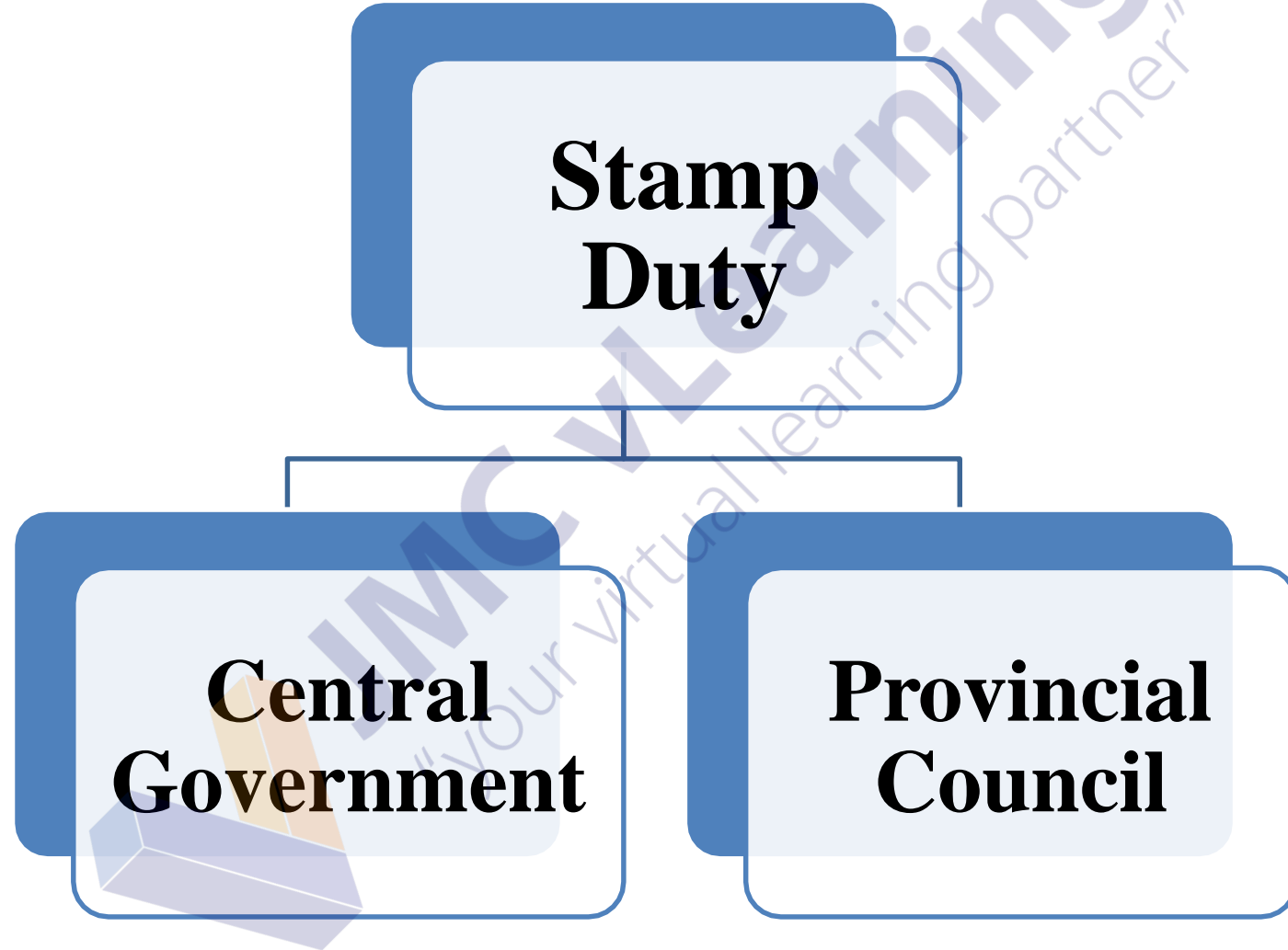


Transaction/Instruments Exempted from Stamp Duty.

1. A life insurance policy.
2. A receipt less than Rs. 25,000/=.
3. Any instruments issued on behalf of government of Sri Lanka.
4. A housing loan mortgage less than Rs. 3 million.
5. Domestic credit card transactions.

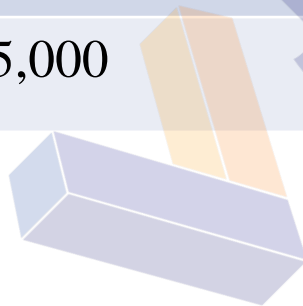


Stamp Duty Rates



Stamp Duty Rates. (Central Government)

Instrument/Transaction	Rate (Rs.)
Any affidavit	50.00
Any policy of Insurance for every Rs. 1,000 or part thereof	1.00
Credit card transaction for every Rs. 1,000 or part thereof	25.00
Any promissory note for every Rs. 1,000 or part thereof	1.00
Lease or Hire for every Rs. 1,000 or part thereof	10.00
A receipt above Rs.25,000	25.00



Stamp Duty Rates. (Provincial council)

Instrument/Transaction	Rate (Rs.)
Gift or Deed of gift	
If value of such is less than Rs.50,000 for every Rs.100 or part	3.00
If it exceed Rs.50,000 for every Rs 100 up to Rs.50,000	3.00
And amount exceed Rs.50,000 for every 100 or part	2.00
Transfer of conveyance or any Property other than gift	
Where the value of the property is less than Rs. 100,000. For evry Rs. 100 or Part there of	3.00
Up to Rs 100,000 for every Rs.100 and part thereof	3.00
Value exceed Rs.100,000 for every Rs.100 and part thereof	4.00

Methods of Stamp Duty Payment.

Stamp duty can pay in following methods

- *Affixing stamp for value.*
- *Direct deposit to stamp duty collection account and paste the deposit slip on the relevant instrument.*
- *Compounding with payment.*



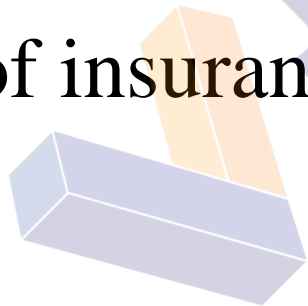
Compounding of Stamp Duty (*Sec. 7*)

With prior written approval from CGIR the following persons after obtaining registration and sign a bond are permitted to compound the stamp duty and pay to the CGIR within 15 days from the end of each quarter.

- *Any person issuing insurance policy;*
- *Any authority issuing license;*
- *Any employer employing more than 100 employees.*
- *Any service provider of credit card*

Example

1. If company issued following receipt calculate SD payable.
R1 Rs. 20,000, R2 Rs. 26,000, R3 Rs. 35,000, R4 Rs. 54,000.
2. If deed value is Rs. 1,560,000. Calculate SD payable.
3. Policy of insurance Rs.7,650. Calculate SD payable.
4. If policy of insurance Rs.8,000. Calculate SD payable.



Q&A?

Thank you

