Study Notes

The Indian Stamp Act, 1899

INTRODUCTION

- The Indian Stamp Act, 1899 (“Act”) is a **fiscal statute that regulates the imposition of stamp duty** on various financial and legal documents
- The Act **includes various instruments** such as deeds, agreements, and contracts
- Stamp duty is **a tax imposed on documents**, which may vary based on the document’s value
- The Indian Stamp Act **primarily aims to:**
    - *Ensure Legal Validity:* Stamped documents become legally enforceable, providing legitimacy to agreements, deeds, contracts, and other transactions. This validity is crucial in both commercial and legal contexts
    - *Generate Government Revenue:* Stamp duty serves as a major revenue source for central and state governments, helping fund government functions and infrastructure
    - *Enable Documentary Evidence in Court:* Documents that bear the proper stamp duty are admissible in court, ensuring that contractual obligations and property transactions are recorded formally and can be upheld in legal proceedings
    - *Curb Tax Evasion and Black Money:* By requiring stamp duty on high-value transactions, the Act discourages unaccounted or illicit transfers of wealth, promoting transparency in financial dealings
    - *Promote Uniformity Across States:* The Act sets a framework for stamp duty, promoting a degree of standardization while allowing states some flexibility to adjust rates as needed
- The Act **came into force on July 1, 1899**

SOME IMPORTANT DEFINITIONS

- Section 2(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) a 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
- Section 2(4) **Bill of lading** includes a through bill lading, but does not include a mate's receipt
- Section 2(5) **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; but does not include a debenture.

- Section 2(6) **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 3[India] when such instrument was executed or, where several persons executed the instrument at different times, first executed
- Section 2(11) **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 the time being in force in India
- Section 2(12) **Executed and execution**-- used with reference to instruments, mean signed and signature
- Section 2(13) **Impressed stamp**-- includes-(a) labels affixed and impressed by the proper officer; and (b) stamps embossed or engraved on stamped paper
- Section 2(14) **"instrument"** includes-- (a) every document, by which any right or liability is, or purports to be, created, transferred, limited, extended, extinguished or recorded; (b) a document, electronic or otherwise, created for a transaction in a stock exchange or depository by which any right or liability is, or purports to be, created, transferred, limited, extended, extinguished or recorded; and (c) any other document mentioned in Schedule I, but does not include such instruments as may be specified by the Government, by notification in the Official Gazette
- Section 2(16) **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; (d) any writing on an application for a lease intended to signify that the application is granted
- Section 2(23) **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 moveable property is acknowledged to have been received in satisfaction of a debt, or (c) where by 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

CHAPTER II STAMP DUTIES

- Section 3. **Instruments chargeable with duty**
  - Instruments listed in ***Schedule I are chargeable*** with duty if:
    - ✓ Executed in India on or after July 1, 1899, unless previously executed
    - ✓ Bills of exchange or promissory notes made outside India on or after this date but accepted, paid, or negotiated in India
    - ✓ Other instruments executed outside India on or after this date, related to property or actions within India, and received in India.
  - ***Exemptions:***

- ✓ No duty on instruments executed by, on behalf of, or in favour of the Government if the Government would otherwise be liable
- ✓ No duty on sale or mortgage instruments for ships or vessels registered under specified Acts

- Section 4. **Several instruments used in single transaction of sale, mortgage or settlement**
  - For transactions like sale, mortgage, or settlement involving multiple instruments, ***only the principal instrument is charged*** with the full duty as per Schedule I
  - All ***other related instruments are charged a nominal duty of 1 rupee***
  - The parties involved can decide which instrument will be considered the principal
  - The duty on the chosen principal instrument ***must be the highest duty*** that would apply to any of the instruments used
  - For issues, sales, or transfers of securities, the ***instrument chargeable under Section 9A is deemed the principal instrument***, and ***no duty is charged on other related instruments*** in the transaction

- Section 5. **Instruments relating to several distinct matters**
  - An instrument that includes or relates to multiple distinct matters **will *be charged a total duty equal to the combined duties*** that would apply if each matter were documented in a separate instrument under this Act

- Section 6. **Instruments coming within several descriptions in Schedule I**
  - If an instrument falls under two or more categories in Schedule I with different duties, it will ***be charged only the highest applicable duty***
  - However, a ***counterpart or duplicate*** of an instrument (for which the proper duty has already been paid) will ***not be charged more than 1 rupee***

- Section 7. **Policies of sea-insurance**
  - If a sea insurance policy covers both a specific voyage and a period of time extending beyond 30 days after the ship arrives at its destination and is anchored, it will ***be charged duty for both the voyage and the time coverage***

- Section 8. **Bonds, debentures or other securities issued on loans under Act XI of 1879**
  - ***Local authorities raising loans*** through bonds, debentures, or other securities under the Local Authorities Loan Act, 1879, or any current law ***are charged a duty of 1% on the total amount issued***
  - These instruments ***do not need to be stamped*** and shall ***not incur any additional duty for*** renewal, consolidation, subdivision, or other changes
  - ***Exemptions for Outstanding Loans***:
    - ✓ The exemption from stamping and additional duties applies to all outstanding loans of this nature, and such instruments remain valid regardless of whether they are stamped

- ✓ However, local authorities are still responsible for any duty applicable before March 26, 1897, if not already paid or exempted by the Central Government
- Penalties for Non-Payment:
  - ✓ If a local authority willfully neglects to pay the required duty, they will incur a penalty of 10% of the due amount, along with a similar penalty for each month of continued neglect after the first month.

▪ Section 8A: **Exemption from Stamp Duty for Securities in a Depository**
- An issuer that issues securities to one or more depositories will ***be charged duty on the total value of the securities issued***, but these securities ***do not need to be stamped***
- The transfer of registered ownership of securities between a person and a depository, or from a depository to a beneficial owner, is ***exempt from stamp duty***

▪ Section 8B: **Exemption from Duty for Corporatisation and Demutualisation Schemes**
- ***Exemptions:***
  - ✓ *Schemes for corporatisation or demutualisation, or both*, of a recognized stock exchange are exempt from duty
  - ✓ *Any related instruments*, including those transferring property, business, assets (movable or immovable), contracts, rights, liabilities, and obligations associated with the corporatisation or demutualisation of a recognized stock exchange, are also exempt if approved by the Securities and Exchange Board of India under section 4B of the Securities Contracts (Regulation) Act, 1956

▪ Section 8C. **Negotiable warehouse receipts not liable to stamp-duty**
- Negotiable warehouse receipts are ***exempt from stamp duty***

▪ Section 8D. **Agreement or document for assignment of receivables not liable to stamp duty**
- Agreements or documents for the assignment of receivables, as defined in the Factoring Regulation Act, 2011, in favor of any factor are ***exempt from stamp duty***

▪ Section 8E. **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**
- ***Exemptions:***
  - ✓ The *conversion of a bank branch into a wholly owned subsidiary or the transfer of a bank's shareholding to its holding company*, in accordance with the Reserve Bank of India's schemes or guidelines, is exempt from duty

  - ✓ *Any related instruments,* including those transferring property, business, assets (movable or immovable), contracts, rights, liabilities, and obligations connected to these conversions or transfers, are also exempt from duty

- Section 8F. **Agreement or document for transfer or assignment of rights or interest in financial assets not liable to stamp duty**
  - An Agreements or documents transferring rights in financial assets from banks or financial institutions to asset reconstruction companies are ***not subject to stamp duty***
    - ✓ This exemption is specified under section 5 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

- Section 9. **Power to reduce, remit or compound duties**
  - The Government may issue rules or orders published in the Official Gazette to:
    - ✓ ***Reduce or remit stamp duties, either prospectively or retrospectively***, for:
      - o Any instruments or specific classes of instruments
      - o Instruments executed by or in favor of particular classes of persons
    - ✓ Provide for the ***composition or consolidation of stamp duties*** related to:
      - o Insurance policies
      - o Issues by incorporated companies or other bodies corporate
      - o Transfers of debentures, bonds, or marketable securities when there is a single transferee
  - For stamp duties on financial instruments (e.g., bills of exchange, insurance policies, shares), ***the "Government" refers to the Central Government*** (in relation to entry 96 in List I of the Seventh Schedule of the Constitution)
  - For other ***cases not specified, it refers to the State Government***

- Section 9A. **Instruments Chargeable with Duty for Transactions in Stock Exchanges and Depositories**
  - ***Stamp duty is collected:***
    - ✓ by the stock exchange or authorized clearing corporation from the buyer *based on the market value of the securities* at the time of transaction settlement
    - ✓ from the transferor *based on the consideration amount* specified
    - ✓ from the issuer *based on the total market value* of the securities
  - ***Exemption and Rates:***
    - ✓ Instruments are *chargeable with duty at rates specified in Schedule I but do not need to be stamped*
    - ✓ *No duty is charged* for transactions in stock exchanges and depositories in International Financial Services Centres
  - ***No stamp duty shall be charged*** on notes, memoranda, or any other documents related to the transactions mentioned

- Stock exchanges or depositories ***must transfer collected stamp duty to the respective State Government within three weeks of month-end***, following Central Government rules
- If the buyer is outside India, duty is transferred based on the trading member's or broker's registered office location
- Before transferring duty, exchanges and depositories shall deduct a specified percentage for facilitation charges
- Stock exchanges, clearing corporations, and depositories must submit transaction details to the Government as per Central Government rules

▪ Section 10. **Duties how to be paid**

- All duties on instruments ***must be paid and indicated on the instruments using stamps, except where explicitly provided*** otherwise in this Act
- The rules established may, among other matters, regulate**:**
  - ✓ The types of stamps that may be used for different kinds of instruments
  - ✓ The number of impressed stamps allowed on stamped instruments
  - ✓ The size of paper used for bills of exchange or promissory notes

▪ Section 11. **Use of adhesive stamps**

- The following instruments ***may be stamped with adhesive stamps***:
  - ✓ Instruments chargeable with a duty not exceeding ten naye paise, except parts of bills of exchange payable otherwise than on demand and drawn in sets
  - ✓ Bills of exchange and promissory notes drawn or made outside of India
  - ✓ Entry as an advocate, vakil, or attorney on the roll of a High Court
  - ✓ Notarial acts
  - ✓ Transfers by endorsement of shares in any incorporated company or other body corporate

▪ Section 12. **Cancellation of adhesive stamps**

- Whoever affixes an adhesive stamp to an instrument chargeable with ***duty must cancel the stamp at the time of affixing to prevent reuse***
- Anyone executing an instrument on paper with an adhesive stamp *must cancel the stamp at the time of execution unless it has already been cancelled*
- An *instrument with an uncancelled adhesive stamp will be considered unstamped*
- The person required to cancel the adhesive stamp may d***o so by writing their name or initials, or their firm's name or initials, along with the true date on or across the stamp,*** or in any other effective manner

▪ Section 13**. Instruments stamped with impressed stamps how to be written**

- Any instrument written on paper with an impressed stamp must display the stamp clearly ***on the front of the document***
- The impressed stamp should ***not be used or applied to any other instrument***

- Section 14. **Only one instrument to be on same stamps**
    - A ***second instrument that requires duty cannot be written on stamped paper*** if an instrument that also requires duty has already been written on it
    - This rule ***does not apply to endorsements*** that are properly stamped or not subject to duty
    - ***Endorsements can be made for:***
        - ✓ Transferring rights created or evidenced by the instrument
        - ✓ Acknowledging the receipt of money or goods that are secured by the instrument

- Section 15. **Instrument written contrary to section 13 or 14 deemed unstamped**
    - Any instrument that is written in violation of section 13 or section 14 ***shall be considered unstamped***

- Section 16. **Denoting duty**
    - If the duty of one instrument or its exemption depends on the duty paid for another instrument, ***the payment for the second instrument can be applied to the first***
        - ✓ To do this, a *written application must be made to the Collector*
        - ✓ *Both instruments must be produced to the Collector*
    - The Collector will then ***endorse the payment on the first instrument*** or use any other method specified by the State Government

- Section 17. **Instrument executed in India**
    - All instruments that require duty and are executed by any person in India ***must be stamped either before or at the time of execution***

- Section 18. **Instruments other than bills and notes executed out of India**
    - Any instrument that requires duty and is executed only outside India (excluding bills of exchange and promissory notes) must ***be stamped within 3 months after it is first received in India***
    - If a private person cannot properly stamp such an instrument due to the required stamp type, it can ***be taken to the Collector within the 3-month period***
        - ✓ The Collector will stamp the instrument according to the rules set by the State Government, using a stamp of the value requested and paid for by the person bringing the instrument

- Section 19. **Bills and notes drawn out of India**
    - The first holder in India of a bill of exchange (payable otherwise than on demand) or promissory note from outside India ***must affix and cancel the correct stamp before presenting it for acceptance or payment, or before any endorsement or transfer***

- If the holder receives the bill or note with the proper adhesive stamp already affixed and cancelled, and they have no reason to doubt its validity, ***the stamp is considered properly affixed and cancelled***
- This does not exempt anyone from penalties for failing to affix or cancel a stamp

▪ Section 20. **Conversion of amount expressed in foreign currencies**
- For ***instruments with ad valorem duty in a foreign currency, the duty is calculated based on its value in Indian Rupees*** using the exchange rate on the instrument's date
- The ***Central Government shall prescribe*** *an exchange rate for converting foreign currencies into Indian Rupees* for stamp-duty calculations

▪ Section 21. **Stock and marketable securities how to be valued**
- For instruments with ad valorem duty on stock or securities, ***duty is based on the market value of those assets***
- Specific cases for stamp duty calculation:
  - ✓ *Options in securities*: Duty is based on the premium paid by the buyer
  - ✓ *Repo on corporate bonds*: Duty is based on the interest paid by the borrower
  - ✓ *Swap transactions*: Only the first leg of the cash flow is considered for duty

▪ Section 22. **Effect of statement of rate of exchange or average price**
- If an instrument states the current exchange rate or average price and is stamped based on that information, ***it is assumed to be correctly stamped***. This assumption stands unless proven otherwise

▪ Section 23. **Instruments reserving interest**
- If an ***instrument specifies that interest is payable, it will not be subject to a higher duty*** because of this mention. The duty remains the same as if the instrument did not mention interest

▪ Section 23A. **Certain instruments connected with mortgages of marketable securities to be chargeable as agreements**
- Instruments related to the mortgage of marketable securities (not promissory notes or bills of exchange) are ***treated as agreements for duty purposes***
- This **applies when**:
  - ✓ the instrument is given when marketable securities are deposited as security for a loan or debt
  - ✓ the instrument makes a stamped transfer redeemable or modifies it as security for any marketable security
- The *duty charged will be the same as that for an agreement* under Article No. 5(c) of Schedule I
- ***Releasing or discharging*** such an instrument ***will incur the same duty rate***

- Section 24. **How transfer in consideration of debt, or subject to future payment, etc., to be charged**
  - If property is transferred with a debt owed to the transferee, or if it involves payment or transfer of money or stock, that ***debt, money, or stock counts as part of the consideration for calculating ad valorem duty***
  - This rule shall ***not apply to certificates of sale*** as noted in Article No. 18 of Schedule I
  - When property is sold with a mortgage or charge, ***any unpaid mortgage amount plus interest is part of the sale consideration***
    - ✓ When the property is transferred to the mortgagee, they can deduct the duty already paid on the mortgage from the transfer duty

- Section 25. **Valuation in case of annuity, etc.**
  - For ***instruments securing the payment of an annuity*** or a recurring amount, or where consideration for a transfer is an annuity or recurring payment, ***the duty calculation is based on:***
    - ✓ if payments are:
      - for a specific period with a known total amount, *the duty is on that total amount*
      - perpetual or indefinite (not ending with any specific life), the *duty is based on the total amount payable over 20 years from the first due date*
      - indefinite but end with a person's lifetime, *the duty is based on the maximum amount payable over 12 years from the first due date*

- Section 26. **Stamp where value of subject-matter is indeterminate**
  - For instruments with ad valorem duty where the value cannot be determined at the time of execution, ***claims are limited to the highest amount that would be covered by the stamp duty used on the date of execution***
  - Provisions for ***mine leases***:
    - ✓ If the government grants the lease, stamp duty is estimated based on the likely royalty or share, as assessed by the Collector
    - ✓ If granted by others, an estimate of twenty thousand rupees per year is used for stamp duty
    - ✓ Any royalty or share amount can be claimed under the lease regardless of these estimates
  - If the instrument is assessed under Section 31 or 41, the ***Collector's certified amount is considered the stamp duty used at the execution date***

- Section 27. **Facts affecting duty to be set forth in instrument**
  - The instrument ***must clearly state the consideration*** (if any) involved.
  - It ***must also include*** all facts and circumstances that influence:
    - ✓ Whether the instrument is subject to duty
    - ✓ The exact amount of duty it is liable for

- Section 28. **Direction as to duty in case of certain conveyances**
    - If a *property is bought for a single total price* but conveyed in separate parts through different documents, ***each document must show a specific price for its part, and duty is charged based on that price***
    - When *multiple people jointly purchase* a property for a single total price and it's conveyed in parts through separate documents, ***each document is charged duty based on the price allocated to each buyer for their part***
    - If a person contracts to buy a property and then *immediately sells it to a sub-purchaser before getting the conveyance*, the ***duty is based only on the resale price to the sub-purchaser***
    - If a *buyer sells part of a contracted property to others before conveyance*, ***each sub-purchaser's document is charged duty on their own purchase price.*** The original buyer's document for *any remaining property is charged duty based on the difference between the original purchase price and the total resale prices, with a minimum duty of one rupee*
    - If a sub-purchaser has already paid duty on a direct conveyance from the seller, any additional conveyance of the same property by the original seller to the sub-purchaser is ***charged either based on the original sale price or, if higher, a capped rate of 5 rupees***

- Section 29. **Duties by whom payable**
    - In the absence of an agreement to the contrary, the ***person drawing, making, or executing the instrument generally bears the expense of providing the proper stamp***
    - For **specific instruments**:
        - ✓ Administration Bond, Agreement related to Deposit of Title-deeds, Bill of exchange, Bond, Bottomry Bond, Customs Bond, Further charge, Indemnity Bond, Mortgage-deed, Promissory-note, Release, Respondentia Bond, Security-bond or Mortgage-deed, Settlement, Transfer of any interest secured by a bond, mortgage-deed, or policy of insurance—*The person drawing, making, or executing the instrument*
        - ✓ Policy of insurance—For non-fire insurance, the person effecting the insurance; for fire insurance, *the person issuing the policy*
        - ✓ Conveyance (including re-conveyance of mortgaged property)—*The grantee.*
        - ✓ Lease or agreement to lease—*The lessee or intended lessee*
        - ✓ Counterpart of a lease—*The lessor*
        - ✓ Instrument of exchange (including swap)—*The parties share the expense equally*
        - ✓ Certificate of sale—*The purchaser of the property*
        - ✓ Instrument of partition—*The parties share in proportion to their respective shares,* or as directed by the Revenue authority, Civil Court, or arbitrator.
        - ✓ Sale of security through stock exchange—*The buyer*

- ✓ Sale of security otherwise than through a stock exchange—*The seller*
- ✓ Transfer of security through a depository—*The transferor*
- ✓ Transfer of security otherwise than through a stock exchange or depository—*The transferor*
- ✓ Issue of security—*The issuer* of the security
- ✓ Other instruments—*The person making, drawing, or executing* the instrument

- Section 30. **Obligation to give receipt in certain cases**
  - If receiving more than 20 rupees, or a bill, cheque, or note for more than 20 rupees, or movable property over 20 rupees, ***a stamped receipt is required***
  - For fire-insurance contract renewals, ***a stamped receipt must be given within 1 month of receiving the premium or consideration***

CHAPTER III ADJUDICATION AS TO STAMPS

- Section 31. **Adjudication as to proper stamp**
  - If someone brings an instrument to the Collector for duty assessment, they ***must pay a fee between 50 paise and 5 rupees***
  - The ***Collector will determine the duty*** the instrument is chargeable with, based on their judgment
  - The Collector ***may request an abstract of the instrument and other evidence*** to verify all relevant facts for duty calculation
  - The Collector may refuse to proceed until the required information is provided
  - Any evidence given cannot be used against a person in civil proceedings, except regarding the duty of the instrument
  - Once the full duty is paid, the person will be relieved from any penalty for failing to disclose the correct facts in the instrument

- Section 32. **Certificate by Collector**
  - When an instrument is brought to the Collector, and ***the Collector determines it is chargeable with duty:***
    - ✓ If the instrument is already fully stamped, or the required duty is paid, the Collector will certify that the full duty has been paid
    - ✓ If the instrument is not chargeable with duty, the Collector will certify that it is not chargeable
    - ✓ An instrument with the Collector's endorsement will be considered duly stamped or not chargeable with duty, and it can be used as evidence, acted upon, or registered as if it had originally been duly stamped
  - The ***Collector cannot endorse***:
    - ✓ Instruments executed in India if brought after one month of execution

- ✓ Instruments executed outside India if brought after three months from when first received in India
- ✓ Instruments with a duty of 10 paise or less, or bill of exchange/promissory notes not stamped correctly

CHAPTER IV INSTRUMENTS NOT DULY STAMPED

- Section 33. **Examination and impounding of instruments**
  - ***Any person authorized by law or consent to receive evidence, and anyone in charge of a public office*** (excluding police officers), must impound an instrument that is chargeable with duty if it appears to be insufficiently stamped
  - Such persons must examine the instrument to determine if it is stamped with the correct stamp as required by law at the time of execution
  - ***Exceptions:***
    - ✓ Magistrates or Judges in criminal courts are not required to examine or impound instruments unless the case is under specific provisions of the Criminal Procedure Code (Chapters XII or XXXVI)
    - ✓ In High Courts, the duty to examine and impound can be delegated to an officer appointed by the Court
    - ✓ In cases of doubt, the State Government may:
      - Determine which offices are considered public offices
      - Decide who is considered a person in charge of a public office

- Section 34. **Special provision as to unstamped receipts**
  - If a ***receipt, chargeable with a duty not exceeding 10 naye paise, is presented to an officer during an audit of a public account and is unstamped***, the officer may, at his discretion, *require a duly stamped receipt to be provided* instead of impounding the instrument

- Section 35. **Instruments not duly stamped inadmissible in evidence, etc.**
  - No instrument chargeable with duty shall be admitted in evidence, acted upon, registered, or authenticated by any authority or public officer ***unless it is duly stamped***
  - If the instrument is unstamped or insufficiently stamped, ***it may still be admitted if the duty, along with a penalty, is paid:***
    - ✓ For insufficient stamping, the penalty is 5 rupees or 10 times the deficient amount (whichever is higher)
    - ✓ If a person gives an unstamped receipt, it can be admitted as evidence against them on payment of a 1-rupee penalty
  - If a contract or agreement consists of correspondence and one letter is properly stamped, the ***contract is deemed duly stamped***
  - Instruments executed by the Government or with the Collector's certificate ***may be admitted regardless of the stamp status***

- Instruments in criminal court proceedings (except under specific sections of the Code of Criminal Procedure) ***may be admitted even if not stamped***

- Section 39. **Collector's power to refund penalty paid under section 38, sub-section (1)**
  - If a copy of an instrument is sent to the Collector under Section 38(1), the ***Collector may refund any portion of the penalty exceeding 5 rupees*** if deemed appropriate
  - If the instrument was impounded solely due to contravention of Section 13 or Section 14, the ***Collector may refund the entire penalty paid***

CHAPTER V ALLOWANCES FOR STAMPS IN CERTAIN CASES

Section	Offence/Allowance	Conditions/Details	Time Period for Application
Section 49	**Allowance for Spoiled Stamps**	1. Stamp spoiled, obliterated, or rendered unfit before an instrument is executed. 2. Document written but not signed/executed. 3. Stamp on bill of exchange/promissory note signed but not accepted or used. 4. Stamp on void/incomplete instruments. 5. Inadvertently spoiled instruments, replaced by a new duly stamped instrument.	1. No legal proceedings initiated. 2. Instrument must be surrendered for cancellation. 3. Certificate from the Collector confirming full duty payment.
Section 50	**Application for Relief Under Section 49**	1. For Cases in Clause (d)(5): Application within 2 months from the instrument's date. 2. For Stamped Paper (No Executed Instrument): Application within 6 months after stamp is spoiled. 3. For Executed Instrument: If dated, application within 6 months from instrument date. If undated, application within 6 months after execution by first party.	1. If sent out of India, within 6 months after it's received back. 2. If instrument cannot be cancelled due to unavoidable circumstances, application within 6 months after substituted instrument is executed.

Section 52	Allowance for Misused Stamps	1. Misuse of Incorrect Stamp: Using an incorrect stamp for an instrument chargeable with duty. Using a stamp of greater value than required. Using a stamp on a non-chargeable instrument. 2. Stamp Becomes Useless: Stamp invalid under Section 15 due to violation of Section 13.	Application within 6 months after the instrument's date or execution.
Section 53	Allowance for Spoiled/Misused Stamps - How to Be Made	1. Collector may issue: Same description and value of stamp. Stamps of any other description of equal value (if deemed appropriate). Equivalent value in money, deducting 10 naye paise per rupee or fraction thereof.	-

CHAPTER VI REFERENCE AND REVISION

- Section 56. **Control of, and statement of case to, Chief Controlling Revenue-authority**
  - The Collector's powers under Chapter IV and Chapter V (and as specified in Section 26) are subject to the control of the Chief Controlling Revenue Authority
  - If a Collector has doubts about the amount of duty to be charged on an instrument (under Sections 31, 40, or 41), t***hey can prepare a case statement with their opinion and refer it to the Chief Controlling Revenue Authority for a decision***
  - The Chief Controlling Revenue Authority reviews the case and sends its decision to the Collector. The Collector must assess and charge the duty according to this decision

- Section 57. **Statement of case by Chief Controlling Revenue-authority to High Court**
  - The ***Chief Controlling Revenue Authority can refer any case it receives or notices, along with its opinion, to the appropriate High Court based on location***:
    - ✓ State cases go to the High Court of that State
    - ✓ Delhi: Goes to the High Court of Delhi
    - ✓ Arunachal Pradesh and Mizoram: Goes to the Gauhati High Court
    - ✓ Andaman and Nicobar Islands: Goes to the High Court at Calcutta
    - ✓ Lakshadweep: Goes to the High Court of Kerala
    - ✓ Chandigarh: Goes to the High Court of Punjab and Haryana
    - ✓ Dadra and Nagar Haveli: Goes to the High Court of Bombay

- Each case ***must be decided by at least three judges*** of the referred High Court
- If there is a ***difference in opinion among the judges, the majority opinion will prevail***

CHAPTER VII CRIMINAL OFFENCES AND PROCEDURE

- **Penalties for Non-Compliance and Fraudulent Practices**

Section	Offence	Penalty
Section 62	Executing, endorsing, or negotiating an unstamped instrument (e.g., bill of exchange, promissory note), executing or signing any unstamped instrument (except as a witness), voting under an unstamped proxy, or issuing share-warrant without proper stamp (company and officers)	Fine up to ₹500
Section 63	Failure to cancel adhesive stamp as required	Fine up to ₹100
Section 64	Omission to comply with provisions of Section 27 (Intent to defraud Government)	Fine up to ₹5,000
Section 65	Refusal to give receipt or devices to evade duty on receipts	Fine up to ₹100
Section 66	Failure to make out duly stamped policy or making one not duly stamped	Fine up to ₹200
Section 67	Failure to draw full number of bills or marine policies in a set	Fine up to ₹1,000
Section 68	Post-dating bills and other devices to defraud revenue	Fine up to ₹1,000
Section 69	Breach of rule relating to sale of stamps and unauthorized sale	Imprisonment up to 6 months, Fine up to ₹500, or both

- Section 71. **Jurisdiction of Magistrates**
  - Only a ***Presidency Magistrate or a Magistrate with powers equal to or greater than a Second Class Magistrate*** can try any offence under this Act