Uniformity in Stamp Duties

The amendments to the Stamp Act, 1899 was introduced in the Finance Bill, 2019. It has introduced the centralized system of stamp duty with a unified rate for all financial securities transactions with effective from July 1.

Union government has created the legal and institutional mechanism to enable states to collect stamp duty on securities market instruments at one place by one agency, through the stock exchange or clearing corporation authorized by it or by the depository on one instrument.

At present, market participants collect stamp duty at rates fixed by the state where the trade takes place and deposit it with the local government. This created a complex system with multiple tax rates and differing regulations in different states, posing a challenge to settle deals. The amendment was brought for ease of doing business and bringing in uniformity of the stamp duty on securities across states thereby building a pan-India securities market.