

Circular No.: NSDL/POLICY/2020/0002

January 6, 2020

Subject: Detailed procedure / guidelines for collection of stamp duty.

Attention of Participants is invited to NSDL circular no. NSDL/POLICY/2019/0086 dated December 12, 2019 on Government of India notification regarding the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019 and NSDL Circular no. NSDL/POLICY/2019/0089 dated December 18, 2019 on capturing consideration amount in case of Pledge Invocation.

Participants are requested to take note of the detailed procedure / guidelines for collection of stamp duty:

1. As per rule 5(1) of the aforementioned rules, stamp duty leviable under clause (b) of sub-section (1) of Section 9A of the Act is to be collected before execution of all off-market transfers on the consideration amount specified by the transferor. Further, in case of transfer of securities pursuant to invocation of pledge, duty shall be collected from the pledgee on the consideration.
2. Stamp duty will be remitted to NSDL for off-market transfers (including inter-depository transfers) involving consideration and pledge invocation before executing the transaction in the NSDL system.
3. The stamp duty will be collected on the 'Consideration Amount' captured in NSDL system based on the consideration amount mentioned on Delivery Instruction Slips (DIS) and Pledge invocation slips.
4. Rate of Stamp Duty is specified in schedule I of the Indian Stamp Act, 1899. Participants may refer to the schedule I for the rates. Rates have been specified for following three categories viz. Debentures, Securities other than debentures & Government Securities. The rate of stamp duty specified for Government Securities is 0%.
5. Presently, it is mandatory to capture the consideration amount for reason codes 'sale' and 'Commercial Paper Issuance', which will continue in future also.
6. From January 9, 2020 onwards, for all off market transfers for reasons other than 'sale' and 'Commercial Paper Issuance', in the Delivery Instruction Slips, clients must either provide a declaration that transaction is 'without consideration' or **consideration amount** should be specified.
7. Stamp duty is applicable for all off market transfers with execution date of January 9, 2020 or later. In case of any future dated off market transfer already entered in the system with execution date as January 9, 2020 or later, Participants shall be required to obtain the consideration amount and ensure remittance of the stamp duty to NSDL.
8. Effective January 9, 2020, all off-market transfers with reason codes 'sale' and 'Commercial Paper Issuance' shall be executed only after remitting stamp duty in NSDL Account.
9. In case stamp duty amount maintained with NSDL is not sufficient, uploaded transaction will be rejected with appropriate error message.

10. Filling of DIS by client –

- If consideration is involved in the off-market transfer, in the 'Consideration' field of the Delivery Instruction Slip, the client can specify '*As per Annexure*' and it will be necessary to fill up the Annexure to DIS as prescribed vide Circular No. NSDL/POLICY/2018/0054 dated October 1, 2018 (*copy of Annexure enclosed for ready reference*).
- For consideration for the reason 'sale', the payment details will be required to be filled-up and for reasons other than 'sale', in the space for payment details, not applicable may be mentioned.
- If the consideration is paid in part or in instalments, full consideration amount should be mentioned in the Annexure to DIS & stamp-duty shall be remitted on the entire consideration.
- If consideration is not involved in the off market transfer, then client(s) can specify "**without consideration**" in the "Consideration" field of Delivery Instruction Slip (DIS).
- In case of reason code 'sale' and 'Commercial Paper Issuance', it will be necessary to provide the consideration details.

11. Payment of Stamp Duty -

- Procedure to be followed by Participant while making payment towards Stamp Duty is given as **Annexure A**.
- Procedure to be followed when client is making payment towards Stamp Duty is given as **Annexure B**.

12. From January 25, 2020 onwards, NSDL system will be enhanced to capture the 'without consideration' flag in system and consideration field will be enabled for all off-market transfer reason codes and pledge invocation.

13. For any off market transfer for reasons other than 'sale' and 'Commercial Paper Issuance', if the consideration amount is specified by the client, the procedure to be followed by Participants till January 24, 2020 is given below:

- a. Prepare and upload the file containing the details as per enclosed format **Annexure C** on I-assist for off-market transfers involving consideration, for the reason codes other than 'sale' and 'Commercial Paper Issuance'.
- b. For off-market transfer 'Without Consideration', DIS can be processed as per the current process.

14. For any pledge invocation on NSDL system till January 24, 2020, Participants are advised to capture the aforesaid consideration in the "Remarks" field provided in the DPM system in the manner provided in **Annexure D**.

15. In the NSDL system, amount remitted towards stamp duty shall be utilized in following order:

- First, balance available at the time of execution against 'DPIDClientID' will be utilized
- Second, balance available against the 'DPID' will be utilized

16. Stamp duty calculator - For simplicity and convenience of clients, a stamp duty calculator will be made available on January 9, 2020.

17. Participants are requested to inform their client(s) about applicability of stamp duty on all off-market transfers involving consideration including pledge invocations with effect from January 9, 2020.

Participants are requested to take note of the above and ensure compliance.

For and on behalf of
National Securities Depository Limited

Chirag Shah
Senior Manager

Enclosed: Five

FORTHCOMING COMPLIANCE			
Particulars	Deadline	Manner of sending	Reference
Investor Grievance Report (Monthly)	By 10 th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Cyber Security & Cyber Resilience framework of Depository Participants - (For the quarter ended on December 31, 2019)	By 15 th of the following month	By email at dpinfosec@nsdl.co.in	Circular No. NSDL/POLICY/2019/0076 dated November 13, 2019.
Artificial Intelligence /Machine Learning Reporting Form (if offering or using such technologies as defined) - (For the quarter ended on December 31, 2019)	By 15 th of the following month.	By email at Participant-Interface@nsdl.co.in	Circular No. NSDL/POLICY/2019/0016 dated March 27, 2019
Compliance Certificate (July - December)	January 31st every year	Through e-PASS	Circular No. NSDL/ POLICY/2019/0088 dated December 17, 2019.