



STAMP DUTY ACT [CAP 68]

PRACTICE NOTE

1. Background

This Practice Note is issued by the Financial Services Commission. Under section 10 of the Stamp Duties Act [CAP 68], the Commission may call for evidence to substantiate the facts and circumstances surrounding an instrument lodged with the Commission for stamping.

In this Practice Note "Act" means the Stamp Duties Act [CAP 68], (as amended). Words used in this Note that are defined in the Act have the same meaning as in the Act.

The purpose of this Practice Note is to assist members of the public by setting out the Commission's requirements relating to Transfer of Shares in a Company which has an interest in land under Section 7(2) (b) to the Stamp Duties (Act) Act No.5 of 2016 commencing 7 July 2016 and Schedule (1A) (a) in the Act.

2. Share Transfers of Shares in Local Companies

As a further supplementary to the Practice Note dated 23 February 2007 paragraph 2 on Share Transfers and to assist members of public, the use of the term "*a leasehold interest in any land*" under the Act [Schedule Transfer of Property paragraph (1A) (a)] includes but is not confined to situations where a local company is a registered Lessee of a Lease and extends to unregistered interests arising from:

- A sublease; or
- Lease agreements of all kinds; or
- Tenancy agreements of all kinds; and
- Other interests in land where the interest may be protected by Caution as an equitable interest or otherwise.

"land" for the purposes of (1A) (a) includes any estate, any interest in or benefit of land, as per the definition set out at the end of paragraph (1A).

So that the Commission can be satisfied that the proper duty is being paid, the following information must be lodged with the share transfer:

- A copy of the purchase and sale agreement for the shares, and
- A copy of the company's balance sheet made up to the date of the transfer. The balance sheet must be signed by 2 of the company's directors
- An independent valuation of the shares by either
 - A trust company holding a licence under the Trust Companies Act [CAP 69], or
 - A bank holding a licence under the Financial Institutions Act.
- A copy of the documents creating any leasehold interest held by the Company of the kind described in this Practice Note.

3. Commencement

This Practice Note becomes effective on 1 January 2017


George Andrews
Controller of Stamp Duties

Date this 20th day of January 2017