



REGULATORY UPDATES

STAMP DUTY ON SHARE ISSUANCE
IN DELHI

Background:

The Revenue Department, NCT of Delhi, through its recent Circular No. F.10(166)/COS(HQ)/STAMP.BR/2025/93 on 29th July, 2025, has reiterated that all listed and unlisted companies registered in Delhi must pay stamp duty on the issuance of shares – whether in physical or DEMAT/digital form.

This requirement arises from Article 19, Schedule 1A of the Indian Stamp Act, 1899 (as applicable to Delhi), which mandates a 0.1% duty on the value of shares issued. The clarification reinforces that the obligation applies to all companies with registered offices in Delhi, regardless of the mode of issuance, and that non-compliance may attract penalties under the Act.

Key Highlights:

- All **listed and unlisted companies** registered in the NCT of Delhi are required to pay **stamp duty at the rate of 0.1%** of the value of shares issued.
- This requirement applies to issuances made in **physical form** or **Demat/ digital form**.
- The rate is prescribed under **Article 19 of Schedule IA** of the Indian Stamp Act, 1899, which is 0.1 % on the value of shares issued.

Legal Background:

The power to levy and collect stamp duty on various financial and commercial instruments in India is divided between the Central Government and the State Governments under the **Seventh Schedule of the Constitution of India**.

Further, Item 91 of the Union List gives the Central Government the authority to prescribe and collect stamp duty on a specific list of instruments such as bills of exchange, cheques, promissory notes, **bills of lading, letters of credit, policies of insurance, transfer of shares, debentures, proxies and receipts.**

Further, in the context of Company shares, the Central Government regulates stamp duty on the **transfer of shares, but not on their issuance.**

Item 63 of the State List empowers **State Governments** to levy stamp duty on “documents other than those specified in List I,” which includes **instruments evidencing the right or title to shares, scrip, or stock** of a company. This means that while the Centre controls stamp duty on the transfer of shares, the States can prescribe rates and collect duty on the **issuance of shares** and related documents.

Acting under the authority granted by Item 63, the **Government of the National Capital Territory (NCT) of Delhi** has notified its own rate of stamp duty for such instruments under **Article 19 of Schedule IA of the Indian Stamp Act, 1899** (as adapted and applicable to Delhi). Accordingly, any company with its registered office in Delhi must pay **stamp duty at 0.1% of the value of shares issued**, regardless of whether the issuance is in **physical, DEMAT/digital form.**

Why Timely Adjudication and Stamp Duty Payment are Critical:

Failing to apply for adjudication or neglecting to pay the prescribed stamp duty can trigger penal repercussion under the relevant provisions of the Indian Stamp Act, 1899.

Conclusion:

The circular reaffirms the **statutory duty of all Delhi-registered companies to pay stamp duty at 0.1%** on every share issuance, irrespective of whether it is in physical or demat form. No category of issuance is exempt, and the obligation to adjudicate and remit the duty rests solely with the issuing company.


Disclaimer:


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CONTACT US

NOIDA OFFICE

DPNC GLOBAL LLP

 Windsor Grand, 15th Floor,
Plot No. 1C, Sector-126,
Noida-201303, Uttar Pradesh

 +91.120.6456990

 dpnc@dpncglobal.com

 <https://dpncglobal.com/>

GURGAON OFFICE

DPNC GLOBAL LLP

120, Vipul Business Park,
Sector-48, Sohna Road,
Gurugram, Haryana-122018

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