

## Registration of transfer of shares

Transfer of share or debentures:

- (1) Company does not reckon immovable properties :
  - (a) To fill form : as per Third Schedule (section 24) RDA
    - (i) Form A : Global Business Company
    - (ii) Form B : Domestic company
    - (iii) Form C : Transfer or Issue of shares in company giving rise to a right of ownership, occupation or usage of immovable property or any part thereon.
- (2) Company reckons immovable properties :

### **Section 24 9(a) Transfer of shares in company which reckons immovable property**

Section 24 9(a) of Registration Duty Act (RDA)	Section 4 1A(i) of Land Duties and Taxes Act (LDTA)
<i>Option may or may not be specified in deed of transfer</i>	<i>Option may or may not be specified in deed of transfer</i>

Registration Duty Leviable	Land Transfer tax leviable
<p>Registration Duty Levied as follows:-</p> <p>(i) If consideration <math>\leq</math> Rs 200,000/- 5% [on consideration in deed]</p> <p>(ii) If consideration <math>&gt;</math> Rs 200,000/- Registration Duty:-</p> <p>5% { either consideration or value of shares specified in certificate from professional Accountant</p> <p><u>WHICHEVER HIGHER</u> [Act 12/2023 cio 20.07.2023]</p>	<p>Define change in control or any increase in shareholding of the controlling shareholder with a period of 12 months from the date of change in control.</p> <p>Land Transfer Tax: If consideration <math>\leq</math> Rs 200,000/-</p> <p>(i) 5% on consideration in deed. (ii) If consideration <math>&gt;</math> Rs 200,000/-</p> <p>5% { either on consideration or on the value of shares specified in certificate from professional Accountant</p> <p><u>WHICHEVER HIGHER</u> [Act 12/2023 cio 20.07.2023]</p>
Leasehold Rights Tax Leviable	
<p><b>If company reckons Leasehold rights in immovable property (State Land)</b></p> <p><b>Leasehold Right Tax (LHRT) leviable</b></p> <p>→ 20% <math>\left[\frac{NI}{C}\right]</math> –</p> <p><b>To attach site plan</b></p> <p><b>Payable equally by both vendor and purchaser</b></p> <p><i>N: Number of shares transferred.</i>  <i>I: Open Market Value of Leasehold rights of <u>Land only</u>.</i>  <i>C: Total No. of shares issued by the company in which shares are held.</i></p>	

**NB: If % transfer of shares in deed  $>$  20% (as per Act 12/2023 cio 20/07/2023)**

- **To insert full description of immovable property**
- **Open market value**
- **Site plan**

**Document to be submitted**

- 3 certified copy of financial statement for last proceeding years;  
If turnover  $\geq$  Rs 100,000,000. (Audited Financial Statement).
- Certificate from professional accountant as to the value of shares transferred.  
(applicable when consideration  $>$  Rs 200,000).

- To insert full description of immovable property
- Open market value
- Site plan

## **Transfer of shares in company which reckons immovable property**

### **[Form B]**

<p style="text-align: center;"><b>Registration Duty</b> Section 24 9 (b) (RDA) <i>Option to be inserted in deed of transfer</i></p>	<p style="text-align: center;"><b>Land Duties &amp; Taxes</b> Section 4 1A (ii) (LDTA) <i>Option to be inserted in deed of transfer</i></p>
<p style="text-align: center;"><b>Registration Duty</b></p> <div style="text-align: center;"> <math>5\% \left\{ \begin{array}{l} \frac{NI}{C-} \text{ or } \text{Value of shares} \\ \text{To reduce any share issued to the transferee during} \\ \text{last 3 years preceding present transfer} \end{array} \right\}</math> <p><b><u>WHICHEVER THE LOWER</u></b></p> </div>	<p style="text-align: center;"><b>Land Transfer Tax (applicable)</b></p> <p>If change in control or any increase in shareholding of the controlling shareholder within a period of 12 months from the date of change in control.</p> <p>Land Transfer Tax</p> <div style="text-align: center;"> <math>5\% \left\{ \begin{array}{l} \frac{NI}{C-} \text{ or } \text{Value of shares} \\ \text{To reduce any share issued to the transferee during last} \\ \text{3 years preceding present transfer} \end{array} \right\}</math> <p><b><u>WHICHEVER THE LOWER</u></b></p> </div>
<p><b>N</b> - Number of shares transferred</p> <p><b>I</b> - Open market value of immoveable property (any freehold and leasehold immoveable property –reckoned by the company or successive companies)</p> <p><b>C</b> - Total number of shares issued by company <b>excluding</b> No. of shares issued to transferee during last 3 years preceding the present transfer.</p>	

*NB: where a company holds less than 10 per cent of the shareholding in a successive company or less than 10 per cent of the shares in a successive partnership, the successive company or successive partnership shall not be deemed to be a successive company or successive partnership.*

### **LEASEHOLD RIGHT TAX**

**(AS PER PART VIA – TAX ON TRANSFER OF LEASEHOLD RIGHTS IN STATE LAND)**

**If company reckons Leasehold rights in immovable property (State Land)**

**Leasehold Right Tax (LHRT) leviable  $\rightarrow 20\% \left[\frac{NI}{C}\right]$  – To attach site plan**

*N: Number of shares transferred.*

*I: Open Market Value of Leasehold rights of Land only.*

*C: Total No. of shares issued by the company in which shares are held.*

### **Document to be submitted**

- (i) 3 certified copy of financial statement  
or audited financial statement : Turnover > Rs 100,000,000/-
- (ii) Site plan

### **Reassessment**

Request Government Valuer to assess property within 5 months.

Request ACCOUNTANT to assess value of shares after valuation report within the next 2 months (valuation of shares TO CONFIRM LOWER VALUE).

Notice RD under s 17 RDA. Notice LTT under s28 LDTA.

**N** - Number of shares transferred

**I** - Open market value of immoveable property  
(any freehold and leasehold immoveable property –reckoned by the company or successive companies)

**C** - Total number of shares issued by company **excluding** No. of shares issued to transferee during last 3 years.

## **NB : SHARE -BUYBACK**

(2A) (a) In subsection (2) –

“transfer of shares”, in relation to a company, includes-

- (a) any acquisition by a company of its own shares, by way of redemption, share buy- back, or in any other manner where such acquisition results in a change of more than 10 per cent in the shareholding of that company.

*[Repealed and replaced by Act 15 of 2022 cio 01/01/2023]*

### **(1) *share buy- back results <= 10%***

*Declaration in deed ; acquisition does not result in a change of more than 10 per cent in the shareholding of that company.*

### **Documentary evidence**

- *organigram of company prior and after transfer  
(specifying % changes in shareholding of the company)*
- *resolution of meeting*

*Registration Duty Levied :*

*Fixed duty (RDA 1<sup>st</sup> Schedule part II) - RS 500*

### **(2) *share buy- back results > 10%***

***Taxed levied :***

- *Sec 24 9(a) or (b) as per option mentioned in deed.*
- *Sec 4 (1A) LDTA*

***NB : Registration Duty and Land Transfer Tax are both APPLICABLE.***