

Valuation of property

Transfer of shares in company which reckons immovable property

OPTION: Section 24(9) (b) of Registration Duty Act

Option under section 24(9)(b) of the Registration Duty Act

1. Registration of Deed and Applicable Duties

A **Deed of Transfer of Shares** shall be submitted to the Registrar-General's Department (RGD) for registration.

The option exercised under **section 24(9)(b) of the Registration Duty Act** must be expressly stated in the deed.

Upon registration, the following duties and taxes shall be applicable:

Duty / Tax	Rate
Registration Duty	5% of $(N \times I / C)$ or the value of the shares, whichever is lower
Land Transfer Tax	5% of $(N \times I / C)$ or the value of the shares, whichever is lower

Where:

- **N** = Number of shares transferred
- **I** = Open market value of the **leasehold rights over the land only**
- **C** = Total number of shares issued by the company

Important Note

Where the consideration exceeds **Rs 200,000**, a **certificate from a professional accountant** is required.

2. Valuation of Property

Following registration of the deed, the **Government Valuation Department** shall assess the value of the immovable property **within five months**.

3. Acceptance of Value

Where the assessed value of the property is accepted:

- the **professional accountant** shall determine the value of the shares; and
 - the procedures set out under **section 17 of the Registration Duty Act** shall apply.
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4. Undervaluation of Property

Where the property is found to be **undervalued**, a **two-stage process** shall apply, as follows:

1. Procedures under **section 28 of the Land (Duties and Taxes) Act**; followed by
2. Procedures under **section 17 of the Registration Duty Act**.

In such cases, the exercise to confirm the **lower value** shall be taken into consideration.

5. Non-Payment and Recovery Measures

- Where payment of the assessed duty or tax is not made, an **inscription of privilege** may be registered on all immovable properties of the taxpayer. The inscription shall be **erased upon full payment** of the outstanding amount.
- **Interest** shall be charged at the rate of **0.5% per month or part of a month**, up to a **maximum of 50%** of the total unpaid duty or tax.
- **Legal action (Contrainte)** may be initiated for the recovery of any outstanding amounts.