



**INLAND REVENUE DEPARTMENT
STAMP OFFICE**

3/F, Revenue Tower, 5 Gloucester Road,
Wan Chai, Hong Kong.

Tel. no.: 2594 3201 Web site: www.ird.gov.hk
Fax no.: 2519 6740 E-mail: taxsdo@ird.gov.hk

STAMPING PROCEDURES AND EXPLANATORY NOTES

Intra Group Relief Transfer or Sale of Hong Kong Stock and Immovable Property

General guidelines and related procedures in respect of applications for relief under sections 45/29H(3) of the Stamp Duty Ordinance (Cap. 117) are set out in the following paragraphs.

Time limit to apply

2. The application should be made **within 30 days** after the execution of the instruments by way of a letter giving full address of the applicant and the name and telephone number of the contacting person.

Documents to be furnished

3. The following information and documents must be presented to the Stamp Office together with the application:

- (a) The **executed instrument(s) and certified true copies** of such instruments
- (b) A **Statutory Declaration (original)** in support of the application (using and modifying as appropriate the format at *Appendix A* for transfers between a parent company and its subsidiary or *Appendix B* for transfers between two subsidiaries of the same parent company). The person making the statutory declaration must be a responsible officer of the parent company or holding company e.g. director/ company secretary. Statutory declaration made in Hong Kong must be sworn/affirmed before a Commissioner for Oath or a solicitor whereas if the declaration is made outside Hong Kong, it must be sworn/affirmed before a notary public.
- (c) **Supporting documents** listed below:
 - (i) an organization chart showing the relationship among the parent company, transferor company, transferee company and any intermediate /concerned associated companies;

- (ii) registers of members or annual returns of the parent company, transferor company, transferee company and any intermediate companies to support their associated relationship;
 - (iii) registers of director / company secretary of the parent company and any other documents to substantiate the capacity of the deponent of the Statutory Declaration.
 - (iv) details of arrangement as described in section 45(4) or (5), if any;
 - (v) a copy of the adjudicated declaration of trust where shares/properties are held by nominees;
 - (vi) copies of the latest financial statements of the parent company, transferor company and transferee company;
 - (vii) if purchase consideration is passed from the transferee company to the transferor company, documentary evidence such as bank statements, vouchers and accounts to substantiate how it is passed and the source of fund;
 - (viii) if the consideration is settled by loan, the loan agreement and how the loan will be repaid and reflected in the books of accounts; and
 - (ix) agreement for the arrangement of the transfer/conveyance of stock/property, if any.
- (d) For property transfer cases, a duly completed “**Adjudication / Stamping Request - Intra-Group - Agreement / Assignment**” (Form I.R.S.D.121). The original form plus 2 copies are required. This form is available at IRD web site (www.ird.gov.hk) or you may collect it from the Stamp Office (photocopies can be used).

Adjudication Fee and Stamp Duty Payable

4. No adjudication fee is required for the request for adjudication of an instrument under sections 45(3)/29H(3). However, adjudication fee and/or stamp duty is required for other related instruments as follows:

<u>Examples</u>	<u>Stamp duty/Adjudication fee payable</u>
(a) Transfer of Hong Kong stock without consideration	No adjudication fee is required for the instrument of transfer.
(b) Sale and purchase of Hong Kong stock	No adjudication fee is required for the contract notes. If an instrument of transfer is executed, a stamp duty of \$5 is required. If a declaration of trust is executed, an adjudication fee of \$50 is payable.
(c) Assignment of immovable property	No adjudication fee is required for the assignment.
(d) Sale and purchase of residential property	No adjudication fee is required for the agreement for sale and purchase. If an assignment is executed in conformity with the agreement for sale and purchase, stamp duty in the sum of \$100 is chargeable on the assignment.

Processing and Result of the Application

5. The standard response time for processing an intra group relief application is within 3 months of receipt of the claim and substantive information. Our performance targets are to process 85% of the cases within the first 3 months and 10% of the cases within the next 9 months. The Stamp Office may issue further queries if the information provided is insufficient. In such case, the application can only be processed and the performance pledge will start to count after the further information is furnished.

6. Upon finalization of the application, a letter will be issued informing the applicant of the result.

7. If the relief is granted, the instruments that have been stamped under section 13(2) will be endorsed to the effect that no stamp duty is chargeable thereon. If the relief is denied, the Collector of Stamp Revenue will impose stamp duty on the instruments. Upon payment of the stamp duty, the instruments that have been stamped under section 13(2) will be endorsed as duly stamped.

Enquiry

8. For enquiries, please contact the Stamp Office by telephone or in writing as follows:

Telephone No.: 2594 3165 (for stock cases) or 2594 3232 (for property cases)
Fax No.: 2519 6740 (for stock cases) or 2519 9025 (for property cases)
E-mail: taxsdo@ird.gov.hk
Address: 3/F, Revenue Tower, 5 Gloucester Road, Wan Chai, Hong Kong.

STAMP OFFICE
October 2005

(This leaflet is issued for guidance only and does not in any way bind the Collector of Stamp Revenue or affect the duty payers' right of appeal.)

Sample Statutory Declaration - Transfer between Parent Company and its Subsidiary

IN THE MATTER OF Sections 45/29H(3) of
the Stamp Duty Ordinance (Cap. 117)

And

IN THE MATTER of an Assignment
dated _____

between _____ Ltd.(1)

and _____ Ltd. (2)

I,

_____ of

(Company Secretary / Director) do solemnly and sincerely declare and say as follows:-

1. I am the (Secretary / Director) of
_____ a company incorporated with limited liability
under and in accordance with [the Companies Ordinance] and having its registered office
situate at

_____ (hereinafter called “the Transferor Company”). I have been authorized by the Transferor
Company and also by _____
a company incorporated with limited liability under and in accordance with [the Companies
Ordinance Cap. 32] and having its registered office at

_____ (hereinafter called “the Transferee Company”) to make this Statutory Declaration. The facts
herein deposed are within my own knowledge.

(N.B. The deponent must be the Secretary or a Director of the parent company. Please
furnish evidence of such secretaryship or directorship, e.g. certified copy of the latest Return
of Directors and Secretary.)

2. A. The Assignment/Agreement for sale and purchase/Instrument of
Transfer dated the _____ day of _____ made
between the Transferor Company of the one part and the Transferee
Company of the other part, a true copy of which is annexed hereto
marked “A”, is an Assignment/Agreement for sale and purchase/transfer
of the Transferor Company’s beneficial interest in the land / Hong Kong
stock comprised therein, namely
_____ from the Transferor
Company to the transferee Company.

(N.B. A completed Adjudication/Stamping Request (Form IRSD121)
is required in the case of an Assignment/Agreement for sale and
purchase.)

or B. The Contract Notes dated the _____ day of _____ made by the Transferor Company and the Transferee Company respectively, true copies of which are annexed hereto marked "A", are in respect of a sale and purchase of the Hong Kong Stock described therein, namely _____ from the Transferor Company to the Transferee Company. The sale and purchase took place on _____.

3. The following details show the particulars of the shareholdings in the Transferor Company and Transferee Company immediately prior to the said Assignment/Agreement for sale and purchase/Instrument of Transfer/sale and purchase of the Hong Kong stock:-

(a) Transferor Company:-

- (i) Authorized : _____ shares of \$ _____ each.
- (ii) Issued : _____ shares of \$ _____ each.
- (iii) Shareholders :

_____ shares registered in the name of _____.

_____ shares registered in the name of _____.

_____ shares registered in the name of _____.

(N.B. the sub-paragraph concerning the shareholding in the Transferor Company may be omitted where the number exceeds five or the company is a public company. A statement to this effect should be included e.g.

"The Transferor Company is a public company with upwards of _____ shareholders."

or "The Transferor is a private company with approximately _____ shareholders."

(b) Transferee Company:-

- (i) Authorized : _____ shares of \$ _____ each.
- (ii) Issued : _____ shares of \$ _____ each.
- (iii) Shareholders :

_____ shares registered in the name of _____.

_____ shares registered in the name of _____.

_____ shares registered in the name of _____.

(N.B. Please furnish certified copy of the latest Annual Return. If shares in the Transferee Company are held through intermediate companies, details of shareholders in these intermediate companies must also be stated. If any companies concerned are off-shore companies, evidence to substantiate their shareholdings are also required.)

- (c) There are annexed hereto true copies marked “B” and “C” of (two) Declarations of Trust under which

_____ and _____ declared themselves to hold the abovementioned shares in the Transferee Company upon trust for the Transferor Company.

4. As a result of the above, the Transferor Company [Transferee Company] was at the time of the said Assignment/Agreement for sale and purchase/Instrument of Transfer/sale and purchase of the Hong Kong stock the beneficial owner of not less than ninety per cent of the issued share capital of the Transferee Company [Transferor Company].

5. A. Immediately prior to the said Assignment/Agreement for sale and purchase/sale and purchase of the Hong Kong stock, the Transferor Company applied for and was allotted _____ shares of \$_____ each in the Transferee Company such shares being payable in full in cash on allotment. The Transferee Company was thereby enabled to and did pay to the Transferor Company the full purchase price provided for in the said Assignment/Agreement for sale and purchase/Contract Notes.

or B. On the execution of the said Assignment/Agreement for sale and purchase/sale and purchase of the Hong Kong stock, the purchase consideration of \$_____ was advanced by the Transferor Company to the Transferee Company by way of a loan and applied by the Transferee Company in payment of the purchase consideration. The loan was provided to the Transferee Company out of the Transferor Company’s own resources (or otherwise explain the source of the funds of the Transferor Company). No interest will be charged upon such loan and no date has been fixed for the repayment thereof nor has any decision been taken as to how the same will be repaid (or otherwise explain the position). Also mention if any security has been provided.

or C. (Explain the manner in which the purchase price was or will be paid by the Transferee Company).

or D. No consideration was payable under the said Assignment / Instrument of Transfer.

6. The reason for this transaction is _____ (here should be set out as precisely as possible the reasons why the transaction was put through).

7. At the date of the said Assignment/Agreement for sale and purchase/Instrument of Transfer/sale and purchase of the Hong Kong stock, it was intended to maintain the relationship between the Transferor Company and Transferee Company as associated companies within the meaning of Section 45 of the Stamp Duty Ordinance Cap. 117 (hereinafter referred to as “the Ordinance”). The said Assignment/Agreement for sale and purchase/Instrument of Transfer was not executed or the said sale and purchase of the Hong Kong stock was not made in pursuance of or in connection with any such arrangements as are described in Section 45(4) or 45(5) of the Ordinance.

8. At the date of the said Assignment/Agreement for sale and purchase/Instrument of Transfer/sale and purchase of the Hong Kong stock, it was intended on the part of the Transferee Company to continue to be the beneficial owner of the land/Hong Kong stock described in the said Assignment/Agreement for sale and purchase/Instrument of Transfer/Contract Notes. (N.B. If the land/Hong Kong stock is to be sold or otherwise disposed of after the transfer/transactions, the full details should be disclosed.)

9. It is submitted that the conditions of Sections 45/29H(3) of the Ordinance are satisfied in relation to the said Assignment/Agreement for sale and purchase/Instrument of Transfer/Contract Notes and it is accordingly requested that exemption from the ad valorem stamp duty be allowed on the said Assignment/Agreement for sale and purchase/Instrument of Transfer/Contract Notes.

AND I make this solemn Declaration conscientiously believing the same to be true and by virtue of the Oaths and Declaration Ordinance 1972.

DECLARED by the said _____)
at _____)
_____, Hong Kong)
this _____ day of _____ .)

Before me,
Notary Public/Solicitor/Commissioner for Oath

Sample Statutory Declaration - Transfer between two Subsidiaries of the same Parent Company

IN THE MATTER OF Sections 45/29H(3)
of the Stamp Duty Ordinance (Cap. 117)

And

IN THE MATTER of an Assignment
dated _____
between _____ Ltd.(1)
and _____ Ltd. (2)

I,

_____ of

(Company Secretary / Director) do solemnly and sincerely declare and say as follows:-

1. I am the (Secretary / Director) of
_____ a company incorporated with limited liability
under and in accordance with [the Companies Ordinance] and having its registered office situate
at

(hereinafter called “the Parent Company”). I have been authorized to make this Statutory
Declaration. The facts herein deposed are within my own knowledge.

(N.B. The deponent must be the Secretary or a Director of the parent company. Please furnish
evidence of such secretaryship or directorship, e.g. certified copy of the latest Return of
Directors and Secretary.)

2. _____
Limited (hereinafter called “the Transferor Company”) is a company incorporated with limited
liability under and in accordance with [the Companies Ordinance Cap. 32] and having its
registered _____ office _____ at
_____.

3. _____
Limited (hereinafter called “the Transferee Company”) is a company incorporated with limited
liability under and in accordance with [the Companies Ordinance Cap. 32] and having its
registered office at
_____.

4. A. The Assignment/Agreement for sale and purchase/Instrument of Transfer dated
the _____ day of _____ made between the Transferor
Company of the one part and the Transferee Company of the other part, a true
copy of which is annexed hereto marked “A”, is an Assignment/Agreement for
sale and purchase/transfer of the Transferor Company’s beneficial interest in the
land / Hong Kong stock comprised therein, namely
_____ from the Transferor Company to
the transferee Company.

(N.B. A completed Adjudication/Stamping Request (Form IRSD121) is
required in the case of an Assignment/Agreement for sale and purchase.)

or B. The Contract Notes dated the _____ day of _____ made by the Transferor Company and the Transferee Company respectively, true copies of which are annexed hereto marked "A", are in respect of a sale and purchase of the Hong Kong Stock described therein, namely _____ from the Transferor Company to the Transferee Company. The sale and purchase took place on _____.

5. As at the date of the Assignment/Agreement for sale and purchase/Instrument of Transfer/sale and purchase of the Hong Kong stock, the Transferor Company and the Transferee Company were both subsidiaries of the Parent Company, the shareholdings being as follows:-

(a) Transferor Company:-

- (i) Authorized : _____ shares of \$_____ each.
- (ii) Issued : _____ shares of \$_____ each.
- (iii) Shareholders :
_____ shares registered in the name of _____.
_____ shares registered in the name of _____.
_____ shares registered in the name of _____.
- (iv) There are annexed hereto true copies marked "B" and "C" of (two) Declarations of Trust under which _____ and _____ declared themselves to hold the abovementioned shares in the Transferor Company upon trust for the Parent Company.

(b) Transferee Company:-

- (i) Authorized : _____ shares of \$_____ each.
- (ii) Issued : _____ shares of \$_____ each.
- (iii) Shareholders :
_____ shares registered in the name of _____.
_____ shares registered in the name of _____.
_____ shares registered in the name of _____.
- (iv) There are annexed hereto true copies marked "D" and "E" of (two) Declarations of Trust under which _____ and _____ declared themselves to hold the abovementioned shares in the Transferee Company upon trust for the Parent Company.

(N.B. Please furnish certified copy of the latest Annual Returns of both the Transferor Company and the Transferee Company. If shares in these companies are held through intermediate companies, details of shareholders in such intermediate companies must also be stated. If any companies concerned are off-shore companies, evidence to substantiate their shareholdings are also required.)

6. As a result of the above, the Parent Company was at the time of the said Assignment/Agreement for sale and purchase/Instrument of Transfer/sale and purchase of the Hong Kong stock the beneficial owner of not less than ninety per cent of the issued share capital of the Transferor Company and the Transferee Company.

7. A. Immediately prior to the said Assignment/Agreement for sale and purchase/sale and purchase of the Hong Kong stock, the Parent Company applied for and was allotted _____ shares of \$_____ each in the Transferee Company such shares being payable in full in cash on allotment. The Parent Company made such payment from its own funds. The Transferee Company was thereby enabled to and did pay to the Transferor Company the full purchase price provided for in the said Assignment/Agreement for sale and purchase/Contract Notes.

or B. On the execution of the said Assignment/Agreement for sale and purchase/sale and purchase of the Hong Kong stock, the purchase consideration of \$_____ was advanced by the Parent Company to the Transferee Company by way of a loan and applied by the Transferee Company in payment of the purchase consideration. The loan was provided to the Transferee Company out of the Parent Company's own resources (or otherwise explain the source of the funds of the Parent Company). No interest will be charged upon such loan and no date has been fixed for the repayment thereof nor has any decision been taken as to how the same will be repaid (or otherwise explain the position). Also mention if any security has been provided.

or C. (Explain the manner in which the purchase price was or will be paid by the Transferee Company).

or D. No consideration was payable under the said Assignment/Agreement for sale and purchase/Instrument of Transfer.

8. The reason for this transaction is

(here should be set out as precisely as possible the reasons why the transaction was put through).

9. At the date of the said Assignment/Agreement for sale and purchase/Instrument of Transfer/sale and purchase of the Hong Kong stock, it was intended to continue the Parent Company's beneficial ownership of not less than ninety per cent of the issued share capital of the Transferee Company and to maintain the relationship between the Transferor Company and Transferee Company as associated companies within the meaning of Section 45 of the Stamp Duty Ordinance Cap. 117 (hereinafter referred to as "the Ordinance").

10. The said Assignment/Agreement for sale and purchase/Instrument of Transfer was not executed or the said sale and purchase of the Hong Kong stock was not made in pursuance of or in connection with any such arrangements as are described in Section 45(4) or 45(5) of the Ordinance.

11. At the date of the said Assignment/Agreement for sale and purchase/Instrument of Transfer/sale and purchase of the Hong Kong stock, it was intended on the part of the Transferee Company to continue to be the beneficial owner of the land/Hong Kong stock described in the said Assignment/Agreement for sale and purchase/Instrument of Transfer/Contract Notes.

(N.B. If the land/Hong Kong stock is to be sold or otherwise disposed of after the transfer/transactions, the full details should be disclosed.)

12. It is submitted that the conditions of Sections 45/29H(3) of the Ordinance are satisfied in relation to the said Assignment/Agreement for sale and purchase/Instrument of Transfer/Contract Notes and it is accordingly requested that exemption from the ad valorem stamp duty be allowed on the said Assignment/Agreement for sale and purchase/Instrument of Transfer/Contract Notes.

AND I make this solemn Declaration conscientiously believing the same to be true and by virtue of the Oaths and Declaration Ordinance 1972.

DECLARED by the said _____)
at _____)
_____, Hong Kong)
this _____ day of _____ .)

Before me,

Notary Public/Solicitor/Commissioner for Oath