



STAMPING PROCEDURES AND EXPLANATORY NOTES

Stamping of Share Transfer

Contract Notes

Contract notes are required to be executed and stamped within a specified period (see paragraph 6 below) after any sale or purchase of Hong Kong stock is effected. While there is no specified format of such instruments, the Stamp Duty Ordinance (Cap.117) requires that a contract note should contain the following particulars:-

- (a) whether the person effecting the sale or purchase of the Hong Kong stock is acting as principal or agent and, if as agent, the name of the principal;
- (b) the date of the transaction and of the making of the contract note;
- (c) the quantity and description of such Hong Kong stock;
- (d) the price per unit of such Hong Kong stock and the amount of the consideration or, in the case of an exchange, particulars of the property for which such Hong Kong stock is exchanged; and
- (e) the date of settlement.

2. Contract notes are stamped by reference to the price paid. If the price paid is below the market value of the shares as at the date of sale and purchase/transfer, stamp duty will be assessed based on the market value of the shares. For quoted shares, the closing price of the share on The Stock Exchange of Hong Kong Limited on the last trading day preceding the date of the sale and purchase/transfer will normally be accepted as the market value of the share transferred for the purpose of calculating stamp duty. In the case of unquoted shares, the value of the share has to be ascertained from the latest accounts of the company in respect of which share(s) therein is/are to be transferred. Other supplementary information may also be requested by the Stamp Office if so warranted.

3. Contract notes are NOT required in the case of transferring shares as a gift. In such a scenario, the instrument of transfer is chargeable to a fixed duty of \$5 each plus the full ad valorem stamp duty by reference to the value of shares transferred in accordance with the basis stated in paragraph 2 above.

Methods of Stamping

4. You may choose one of the following methods to stamp contract notes and instruments of transfer.

(a) **Via the internet (www.gov.hk/estamping)**

This is a 24-hour online service available at the GovHK. You may submit stamping applications on an individual share transaction basis or in bulk with a maximum of 5,000 instruments at any one time without presenting the original instruments to the Stamp Office.

Please refer to the Stamping Procedures and Explanatory Notes – e-Stamping of Share Transfer Instruments [U3/SOG/PN10A] (www.ird.gov.hk/eng/pdf/sog_pn10a.pdf) for further details.

(b) **In person or by post**

You may present the original contract notes and instruments of transfer with the supporting documents in paragraph 5 below to the Stamp Office in person or by post.

Please visit Inland Revenue Department's website for the Stamp Office's business hours (www.ird.gov.hk/eng/cu_ol.htm).

Supporting Documents Required

5. While stamp duty on transactions on quoted shares are usually collected through the Stock Exchange and the contract notes are made and stamped by the stock brokers with authorization from the Collector of Stamp Revenue, contract notes and instruments of transfer of unquoted shares can be presented to the Stamp Office for stamping. To enable the Stamp Office to assess the proper amount of stamp duty payable, the following documents and information should be submitted together with the transfer documents:-

- (a) the Articles of Association (if the company has been incorporated for less than 18 months) or the latest copy of Annual Return (Form NAR1) filed with the Companies Registry (if the company has been incorporated for 18 months or above) of the company of which shares are being transferred;
- (b) the latest copy of Return of Allotment (Form NSC1) filed with the Companies Registry for increase of share capital which is not reflected in the Articles of Association or Annual Return;
- (c) a certified true copy of the Agreement for Sale and Purchase of the shares if there is any, or otherwise, a confirmation by way of a letter signed by either the vendor or purchaser that no such agreement exists;
- (d) a statement on whether the company and its subsidiary(ies) (if any) has acquired any investments, landed property or rights to acquire landed property and, if so, with a completed Schedule of Landed Properties [Form IRSD102] (www.ird.gov.hk/eng/pdf/irsd102.pdf);
- (e) the following documents if the company involved has commenced business:-
 - the latest audited accounts of the company and its subsidiary(ies) (if no consolidated accounts are prepared);
 - certified management accounts of the company and its subsidiary(ies) (if no consolidated accounts are prepared) from the end date of the latest audited accounts prepared up to a date within 3 months before the date of transfer, if the audited accounts are not prepared up to a date within 6 months before the date of transfer;
 - a certified copy of the resolution of meetings of directors for dividends paid or payable, if any, after the end date of the latest audited accounts and specify the date on which members of the company were entitled to the dividends; and
 - any other information and documents, where necessary, in individual case.
- (f) where the company is a recently incorporated one which has not yet commenced business and that no audited accounts have been prepared, a written confirmation supported by a copy of the certificate of incorporation of the company is required.

Time for Stamping

6. Stamp duty is payable within the following specified time:-

<i>Nature of Document</i>	<i>Time for Stamping</i>
Contract Note for sale or purchase of any Hong Kong stock	<u>2 days</u> after the sale or purchase, if effected in Hong Kong; <u>30 days</u> after the sale or purchase, if effected elsewhere
Transfer operating as a voluntary disposition inter vivos	<u>7 days</u> after execution; <u>30 days</u> after execution if executed outside Hong Kong
Transfer of any other kind	<u>before</u> execution; <u>30 days</u> after execution if executed outside Hong Kong

Please visit website of the GovHK for the current rates of stamp duty (www.gov.hk/en/residents/taxes/stamp/stamp_duty_rates.htm).

Late Penalty

7. Late stamping is subject to the payment of penalty as follows:-

<i>Stamping Delay</i>	<i>Penalty</i>
not exceeding 1 month	2 times the amount of stamp duty
exceeding 1 month but not exceeding 2 months	4 times the amount of stamp duty
in any other case	10 times the amount of stamp duty

Any request for remission of late penalty should be made in writing with full explanations of the delay and supporting evidence. The Collector may remit wholly or in part the penalty payable depending on individual circumstances.

Enquiries

8. For enquiries, please contact us at 2594 3201.

STAMP OFFICE

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