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STAMPING PROCEDURES AND EXPLANATORY NOTES

Stock Borrowing Relief – Procedures

Registration of Stock Borrowing and Lending Agreement and Filing of Return of Stock Borrowing Transactions

Registration of Stock Borrowing and Lending Agreement (SBLA)

Stock borrowers may register SBLAs with Stamp Office under two modes of registration, namely online registration via GovHK (www.gov.hk/en/residents/taxes/etax/services/stock_borrowing_relief.htm) and paper registration using the Stock Borrowing and Lending Agreement Registration Form (**Form SBUL 2**). Please refer to the Stamping Procedures and Explanatory Notes – Stock Borrowing Relief – Electronic Registration of Stock Borrowing and Lending Agreement (**U3/SOG/PN08A**) for details on online registration.

2. All borrowers are reminded to register their SBLAs if they wish to enjoy the stamp duty relief in respect of stock borrowings and stock returns under such agreements.

Return of Stock Borrowing Transactions (RSBTs)

3. A borrower who has effected any stock borrowings under a registered SBLA is required to maintain a stock borrowing ledger (see **Form SBUL 3** for the format) and to report details of the stock borrowing transactions which fail to comply with the requirements for stamp duty relief under sections 19(12) and 19(12A) of the Stamp Duty Ordinance, Cap. 117 (hereinafter referred to as “non-exempt transactions”) by filing the RSBTs (**Form SBUL 1**) with the Stamp Office. The RSBTs should be filed within 1 month from the end of the six-month reporting periods ending on 30 June and 31 December respectively.

4. If the borrower has effected any stock borrowing transaction under the registered SBLA during the reporting period and / or the SBLA has unsettled stock borrowing transactions brought forward from the previous reporting period, a NIL return should still be filed even if there is no non-exempt transaction during the reporting period.

5. The following examples illustrate whether a borrower is required to file the RSBTs under different scenarios:

Scenario (A)

During the reporting period, the borrower has no unsettled stock borrowing transaction brought forward from the previous reporting period **and** has not effected any stock borrowing transaction.

➤ No RSBTs is required.

Scenario (B)

During the reporting period, the borrower has unsettled stock borrowing transactions brought forward from the previous reporting period and / or has effected stock borrowing transactions. All transactions are qualified for stamp duty relief.

- The borrower should file RSBTs and declare that there is no non-exempt transaction by reporting that the number of transactions for items (1) to (4) in Part A of the RSBTs is “0”. Part B of the RSBTs need not be completed.

Scenario (C)

During the reporting period, the borrower has unsettled stock borrowing transactions brought forward from the previous reporting period and / or has effected stock borrowing transactions. Some of these transactions are not qualified for the stamp duty relief.

- The borrower should file RSBTs and complete Parts A and B to report details of the non-exempt transactions.

Notification by Lenders

6. Stock lenders may also notify the Stamp Office of the execution of SBLAs under two modes of notification, namely online notification via GovHK and paper notification using the Notification of Execution of Stock Borrowing and Lending Agreement by Lender (**Form SBUL 26**). The **Form SBUL 26** should be completed in duplicate and a copy of it will be returned to the lender with the acknowledgement of receipt.

Forms

7. The latest versions of Forms SBUL 1, SBUL 2, SBUL 3 and SBUL 26 can be downloaded from the web site of the Department (www.ird.gov.hk/eng/tax/sdu.htm).

Enquiries

8. Any enquiry concerning the above procedures can be directed to the Stamp Office at telephone number 2594 3201.

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