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Proceedings of the Chief Controlling Revenue Authority and Inspector General of Registration, Chennai-600 028

Present: Thiru.Dinesh Ponraj Oliver, I.A.S.,

D.Dis.No. 24790/P1/2019 Dated. 18.04.2024

Sub : Revision Petition--Document No.P45/2018, Joint I Sub Registrar office, Vellore –received under section 56(1) of the Indian Stamp Act, 1899 against the order passed by Joint I Sub Registrar (District Registrar cadre), Vellore - order issued – regarding.

Ref : 1. Joint I Sub Registrar (District Registrar cadre), Vellore order No.2041/ORB/2019 dated 9.5.2019
2. Revision Petition dated 14.6.2019 received from M/s.Reliance Jio Infocomm Ltd.

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ORDER:

The revision petition 2nd cited has been filed under section 56 (1) of the Indian Stamp Act, 1899 before the Chief Controlling Revenue Authority against the order 1st cited wherein it has been ordered to pay deficit stamp duty of Rs.24,85,500/- and penalty of Rs.1500/- in respect of document No.P.45/2018 on the file of Joint I Sub Registrar office, Vellore.

2) Facts of the Review Petition are as follows:-

Document No & Sub Registrar office	No.P.45/2018 Joint I Sub Registrar office, Vellore.
Date of Execution of document	16.8.2018
Title of the document	SALE DEED FOR VALUE OF Rs.3,55,00,000/-
Executant	Reliance Communications Ltd, Navi Mumbai
Claimant	Reliance Jio Infocomm Ltd, Mumbai
Value of property	Rs.3,55,00,000/-
Stamp Borne by the deed	Rs.20/- + Rs.24,85,000/-

(P.T.O)

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Nature of document as determined by the District Registrar	Dual sale
Deficit stamp duty & penalty determined by the District Registrar	Rs.24,85,500/- and penalty of Rs.1500/-

The sale deed in question recites that the seller acquired right over the subject property through a scheme of demerger sanctioned by Hon'ble Bombay High Court in C.P.No.735/2005 dated 9.12.2005. Considering the aforesaid recitals and in light of clarification issued in Inspector General of Registration Circular No.49282/P1/2018 dated 20.11.2018, (*which held that scheme of arrangement under which property is transferred between companies tantamount to Conveyance)* the registering officer concluded that document in question comprises two distinct conveyances viz., one occurring through High Court order relating to demerger of company and another occurring between the parties to the instant document. Accordingly the Sub Registrar (in the cadre of District Registrar) impounded the document and vide order 1st cited determined the deficit stamp duty and penalty. Aggrieved over the same present revision petition has been filed.

3) The petitioner company when called for personal hearing on 29.11.2023, it's representative appeared and requested for an adjournment. Accordingly the petitioner through their counsel was heard on 23.1.2024.

Main contentions of the Revision Petitioner are as follows:

i) Orders of High Court sanctioning scheme of amalgamation and demerger are not sale transactions.

ii) In absence of any law in Tamil Nadu, the circular dated 20.11.2018 cannot be a ground for treating the scheme under Article 23 of the Indian Stamp Act, 1899.

(P.T.O)

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iii) Circular dated 20.11.2018 is contrary to the judgment in Madhu Intra Ltd Vs Registrar of Companies 130 Company Cases 510 (Cal).

iv) Order of District Registrar is contrary to orders of Madras High Court in T.T.Krishnamachari Vs Joint Sub Registrar 2009 (2) MLJ page 245 & Srinidhi Industries Vs Sub Registrar W.P.4128/2010 dated 18.11.2014.

4) Contents of revision petition, connected records received from the District Registrar, arguments advanced on behalf of the petitioner have been carefully examined by me.

a) The main contentions raised by the petitioner are that orders of High Court sanctioning scheme of demerger are not sale transactions and also that in absence of any law in Tamil Nadu and that the circular dated 20.11.2018 issued by Inspector General of Registration cannot be a ground for treating demerger scheme under Article 23 of the Indian Stamp Act, 1899.

The above contentions of the revision petitioner are not at all sustainable in view of the recent Judgment rendered by the Division Bench of Madras High Court in Writ Appeal Nos.758, 687, 751, 755 & 851 of 2022 and batches which holds that *"Thus it can be seen that amalgamation, merger or other such arrangements shall be within the meaning of 'conveyance' in more than one sense."*(Para 7.4).

Further Inspector General of Registration circular No.49282/P1/2018 dated 20.11.2018 has been upheld in the aforesaid Judgment of the Hon'ble Division Bench.

Furthermore, in a Judgment rendered by Division Bench of Madras High Court in Writ Appeal No.1793 of 2022 it has been held as follows:

Distinction has to be made between compulsory registration of the document and the stamping of the document. It may be that the document may

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not require compulsory registration under the Registration Act, but, it does not mean that for further purpose of conveying the property, even the stamp duty is to be ignored. ***Section 35 of the Indian Stamp Act requires stamping of document and otherwise, it would not be admissible in evidence. When the document is not admissible in evidence, it cannot be used for purposes, unless it is stamped****.*

Hence as per the legal position emerging from the aforesaid verdicts of Hon'ble Madras High Court it becomes crystal clear that unless the scheme of demerger in question is duly stamped, the same cannot be taken in evidence for registration of subject sale deed.

Accordingly the claim of the petitioner that scheme of demerger of company is not leviable with stamp duty is rejected as devoid of merits.

b) At this juncture it is noteworthy that subsequent to presentation of the sale deed in question for registration, the Government vide G.O.(Ms.) No.47 dated 19.02.2020 reduced the stamp duty for schemes of merger, demerger, reconstruction to 2% of the market value of the immovable property or 0.6 per cent of the aggregate of the market value of the shares, whichever is higher (with retrospective effect from 1.4.1956). In view of aforesaid G.O, as against the claim of 7% stamp duty made by the District Registrar, the scheme of demerger becomes leviable with reduced stamp duty as envisaged in the said G.O. Hence the District Registrar is directed to calculate the stamp duty payable for the scheme of amalgamation in accordance with G.O. (Ms.) No.47 dated 19.02.2020.

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Further the District Registrar is instructed to ascertain whether the property in question is the one and only property situated within Tamil Nadu getting transferred under the Scheme of Arrangement in question and proceed accordingly.

Sd/- Dinesh Ponraj oliver/-18.04.2024
Chief Controlling Revenue Authority &
Inspector General of Registration.

/By Order/

District Registrar (Inspection)

22/04/24

To

1) The Legal Manager,
Reliance Jio Information Ltd.,
A1 Towers, 8th Floor,
No.89, Dr.Radhakrishnan Salai,
Mylapore, Chennai – 600 004.

2) M/s.Shivakumar & Suresh,
Advocates,
43/1, Pushpavanam Apartments,
3rd Main Road,
Gandhi Nagar, Adayar,
Chennai – 600 020.

3) The Joint I Sub Registrar,
Vellore.
(With original file)

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