

Budget 2010/11
Stamp Duty
(Homepage - Q&A and Examples)

Q&A

- Q1 When will the budget proposals on stamp duty be effective?
A1 They will come into effect as from 1 April 2010, and apply to the chargeable property documents executed on and after that date.
- Q2 Does the new stamp duty rate apply to residential property and non-residential property?
A2 The new rate applies to all kinds of immovable properties, namely residential and non-residential properties.
- Q3 How does the effective date of the proposal apply to the application for deferred payment?
A3 It refers to the execution date of the chargeable agreement. In other words, chargeable agreement of residential property valuing over \$20,000,000 executed on and after 1 April 2010 is not eligible for the deferred payment application.

Examples

Residential property

The instrument chargeable with ad valorem stamp duty is the Agreement for Sale.

(1)	<p>Only 1 agreement executed Consideration: \$25,000,000 Date of execution: before 1-4-2010.</p> <p>OLD rate and eligible to apply for deferred payment of stamp duty Stamp Duty = \$25,000,000 x 3.75% = \$937,500</p>
(2)	<p>Only 1 agreement executed Consideration: \$25,000,000 Date and time of execution: on or after 1-4-2010</p> <p>NEW rate and NOT eligible to apply for deferred payment of stamp duty Stamp Duty = \$25,000,000 x 4.25% = \$1,062,500</p>

(3)	<p>Provisional agreement executed on 20-3-2010 Formal agreement executed on 1-4-2010 (<i>i.e. within 14 day</i>)</p> <p>NEW rate and NOT eligible to apply for deferred payment of stamp duty. As the provisional agreement is superseded by a formal agreement within 14 days from the date of the provisional agreement AND the formal agreement was executed on or after 1-4-2010, the relevant date would be the date of formal agreement, i.e.1-4-2010.</p>
(4)	<p>Provisional agreement executed on 10-3-2010 Formal agreement executed on 1-4-2010 (<i>i.e. more than 14 days apart</i>)</p> <p>OLD rate and eligible to apply for deferred payment of stamp duty. As the provisional agreement and the formal agreement were executed more than 14 days apart, the relevant date would be the date of provisional agreement, i.e. 10-3-2010.</p>
(5)	<p>Property under Home Ownership Scheme or Tenants Purchase Scheme purchased from the Hong Kong Housing Authority or in secondary market with purchaser nominated by the Hong Kong Housing Authority</p> <p>Same as the treatment for non-residential property below.</p>

Non-residential property

The instrument chargeable with ad volorem stamp duty is the Assignment.

(6)	<p>Agreement executed on 10-3-2010 Assignment executed on 1-4-2010</p> <p>NEW rate. As the assignment was executed after 1-4-2010, new rate is applicable.</p>
(7)	<p>Agreement executed on 10-3-2010 Assignment executed before 1-4-2010.</p> <p>OLD rate. As the assignment was executed before 1-4-2010, old rate is applicable.</p>