

THE STAMP ACT, 1899

[II OF 1899]

[27th January, 1899]

An Act to consolidate and amend the law
relating to stamps

Preamble.--Whereas it is expedient to consolidate and amend the law relating

stamps;

It is hereby enacted as follows--

CHAPTER I PRELIMINARY

1. Short title, extent and commencement. (1) This Act may be called the
Stamp Act, 1899.

For statement of objects and reasons, see Gazette of India, 1897, Pt. V, p. 175, for Report of the Select Committee, see *ibid.*, 1898, Pt. V, p. 231; and for Proceedings in Council, see *ibid.*, 1898, Pt. VI, pp. 10 and 278; and *ibid.*, 1899, Pt. VI, p. 5.

The Act had been amended in its application to:-

(1) the Punjab and the N.W.F.P. by the Indian Stamp (Punjab Amendment) Act, 1922 (Punjab VIII of 1922), the Indian Stamp (Punjab Amendment) Act, 1924 (Punjab I of 1924) and the Indian Stamp (N.W.F.P. Amendment) Act, 1948 (N.W.F.P. Act XV of 1948); see also the Punjab Stamp (Amendment) Act, 1935 (Punjab I of 1935), Punjab Act XIV of 1948, Section 2 and Act XI of 1949, Section 2, applying only to the Punjab;

(2) Sind, by the Indian Stamp (Sind Amendment) Act, 1938 (Sind XII of 1938);

(3) Capital of the Federation, by the Finance Act, 1952 (V of 1952); and

(4) the Province of West Pakistan (except the Capital of the Federation) by the West Pakistan (Adaptation and Repeal of Laws) Act, 1957 (XVI of 1957), Section 3(3) and 3rd schedule (with effect from 14-10-55).

It had been applied to Phulera in the Excluded Area of Upper Tanawal to the extent the Act is applicable in the N.W.F.P., subject to certain modifications, and extended to the Excluded Area of Upper Tanawal (N.W.F.P.) other than Phulera with effect from such date and subject to such modifications as may be notified, see N.W.F.P. (Upper Tanawal Excluded Area) Laws Regulation, 1950.

This Act and all rules, notifications, declaration and orders made under it which were in force immediately before the first day of April, 1952, had been extended to and brought into force in the State of Bahawalpur, see the Bahawalpur (Extension of Laws) Order, 1952 (G.G.O. II of 1952).

It had been extended to Khairpur State, see the Khairpur (Federal Laws) (Second Extension) Order, 1953 (G.G.O. XV of 1953).

It had also been extended to the Leased areas of Baluchistan, see the Leased Areas (Laws) Order, 1950 (G.G.O. III of 1950); and applied in the Federated Areas of Baluchistan, see Gazette of India, 1937, Pt. I, p. 1499.

It had also been extended to the Baluchistan States Union, see G.G.O. XVIII of 1953.

This Act had been amended in its applications to the Province of West Pakistan by the Stamp (West Pakistan Amendment) Ordinance, 1959 (XLVI of 1959) (with effect from the 15th August, 1959).

It had further been amended in its application to the Province of West Pakistan by the Stamp (West Pakistan Amendment) Act, 1964 (II of 1964), Section 2.

The word "Indian" omitted by the Adaptation of Central Acts and Ordinances Order, 1949 (G.G.O. 4 of 1949).

³[(2) It extends to the whole of Pakistan].

(3) It shall come into force on the first day of July, 1899.

2. Definitions. In this Act, unless there is something repugnant in the subject or context,--

- (1) "banker" includes a bank and any person acting as a banker;
- (2) "bill of exchange" means a bill of exchange as defined by the Negotiable Instruments Act, 1881, and includes also a hundi, and any other document entitling or purporting to entitle any person, whether named therein or not, to payment by any other person of, or to draw upon any other person for, any sum of money;
- (3) "bill of exchange payable on demand" includes--
 - (a) an order for the payment of any sum of money by a bill of exchange or promissory note, or for the delivery of any bill of exchange or promissory note in satisfaction of any sum of money, or for the payment of any sum of money, out of any particular fund which may or may not be available, or upon any condition or contingency which may or may not be performed or happen;
 - (b) an order for the payment of any sum of money weekly, monthly or at any other stated periods; and
 - (c) a letter of credit, that is to say, any instrument by which one person authorises another to give credit to the person in whose favour it is drawn;
- (4) "bill of lading" includes a "through bill of lading", but does not include a mates receipt;
- (5) "bond" includes--
 - (a) any instrument whereby a person obliges himself to pay money to another, on condition that the obligation shall be void if a specified act is performed, or is not performed, as the case may be;
 - (b) any instrument attested by a witness and not payable to order or bearer, whereby a person obliges himself to pay money to another; and
 - (c) any instrument so attested, whereby a person obliges himself to deliver grain or other agricultural produce to another;
- (6) "chargeable" means, as applied to an instrument executed or first executed after the commencement of this Act, chargeable under this Act and, as applied to any other instrument, chargeable under the law in force

in ¹[Pakistan] when such instrument was executed, or where several persons executed the instrument at different times, first executed;

(7) "cheque" means a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand;

(8) ²[* * * * *]

³(9) "Collector" means the Collector of a District appointed under the Punjab Land Revenue Act, 1967 (XVII of 1967) and includes an officer authorized by the Government to exercise the powers of the Collector;

⁴(9A) "Commissioner" means a Commissioner of a Division appointed under the Punjab Land Revenue Act, 1967 (XVII of 1967) and includes an Additional Commissioner;

(10) "conveyance" includes a conveyance on sale and every instrument by which property, whether movable or immovable, is transferred inter vivos and which is not otherwise specifically provided for by Schedule I;

(11) "duly stamped", as applied to an instrument, means that the instrument bears an adhesive or impressed stamp of not less than the proper amount and that such stamp has been affixed or used in accordance with the law for the time being in force in ⁵[Pakistan];

(12) "executed" and "execution", used with reference to instruments, mean "signed" and "signature";

(12A) ⁶[* * * * *]

(13) "impressed stamp" includes--

(a) labels affixed and impressed by the proper officer, and

1. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", which had been substituted by the Adaptation of Central Acts and Ordinances Order, 1949 (G.G.O. 4 of 1949), Articles 3(2) and 4, for "British India".

2. Cl. (8) defining "Chief Controlling Revenue Authority", repealed by the Government of India (Adaptation of Indian Laws) Order, 1937 as amended by the Government of India (Adaptation of Indian Laws) Supplementary Order, 1937.

3. Substituted by the Punjab Laws (Amendment) Act, 2011 (VI of 2011).

4. Inserted by the Punjab Laws (Amendment) Act, 2011 (VI of 2011).

5. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", which had been substituted by the Adaptation of Central Acts and Ordinances Order, 1949 (G.G.O. 4 of 1949), Articles 3(2) and 4, for "British India".

6. Cl. (12-A) defining "Collecting Government", inserted by the Government of India (Adaptation of Indian Laws) Order, 1937 as amended by the Government of India (Adaptation of Indian Laws) Supplementary Order, 1937, and subsequently amended by the Central Laws (Adaptation) Order, 1961 (A.O. of 1961), Article 2 and schedule, had been omitted by the Stamp (West Pakistan Amendment) Ordinance, 1959 (XLVI of 1959).

- (b) stamps embossed or engraved on stamped paper;
- (14) "instrument" includes every document by which any right or liability is, or purports to be, created, transferred, limited, extended, extinguished or recorded;
- (15) "instrument of partition" means any instrument whereby co-owners of any property divide or agree to divide such property in severalty, and includes also a final order for effecting a partition passed by any Revenue-authority or any Civil Court and an award by an arbitrator directing a partition;
- (16) "lease" means a lease of immovable property, and includes also--
- (a) a patta;
 - (b) a kabuliyat or other undertaking in writing, not being a counter-part of a lease, to cultivate, occupy or pay or deliver rent for, immovable property;
 - (c) any instrument by which tolls of any description are let;
 - (d) any writing on an application for a lease intended to signify that the application is granted;
- ⁷[(16A) "marketable security" means a security of such a description as to be capable of being sold in any stock market in ⁸[Pakistan] or in the United Kingdom];
- (17) "mortgage-deed" includes every instrument whereby for the purpose of securing money advanced, or to be advanced, by way of loan, or an existing or future debt, or the performance of an engagement, one person transfers, or creates, to, or in favour of, another, a right over or in respect of specified property;
- (18) "paper" includes vellum, parchment or any other material on which an instrument may be written;
- (19) "policy of insurance" includes--
- (a) any instrument by which one person, in consideration of a premium, engages to indemnify another against loss, damage or liability arising from an unknown or contingent event;
 - (b) a life-policy, and any policy insuring any person against accident or sickness, and any other personal insurance ⁹[***];

Cl. (16-A), inserted by the Indian Stamp (Amendment) Act, 1904 (XV of 1904) Section 2.

Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", which had been substituted by the Adaptation of Central Acts and Ordinances Order, 1949 (G.G.O. 4 of 1949), Articles 3(2) and 4, for "British India".

The word "and" and sub-clause (c) repealed by the Indian Stamp (Amendment) Act, 1906 (V of 1906), Section 2.

(c)

(20) "policy of sea-insurance" or "sea-policy"..

- (a) means any insurance made upon any ship or vessel (whether for marine or inland navigation), or upon the machinery, tackle or furniture of any ship or vessel, or upon any goods, merchandise or property of any description whatever on board of any ship or vessel, or upon the freight of, or any other interest which may be lawfully insured in, or relating to, any ship or vessel; and
- (b) includes any insurance of goods, merchandise or property for any transit which includes not only sea risk within the meaning of clause (a), but also any other risk incidental to the transit insured from the commencement of the transit to the ultimate destination covered by the insurance;

Where any person, in consideration of any sum of money paid or to be paid for additional freight or otherwise, agrees to take upon himself any risk attending goods, merchandise or property of any description whatever while on board of any ship or vessel, or engages to indemnify the owner of any such goods, merchandise or property from any risk, loss or damage, such agreement or engagement shall be deemed to be a contract for sea-insurance;

(21) "power-of-attorney" includes any instrument (not chargeable with a fee under the law relating to court-fees for the time being in force) empowering a specified person to act for and in the name of the person executing it;

(22) "promissory note" means a promissory note as defined by the Negotiable Instruments Act, 1881¹; it also includes a note promising the payment of any sum of money out of any particular fund which may or may not be available, or upon any condition or contingency which may or may not be performed or happen;

²(22A) "Public Office" includes a Government Office, a Peoples Local Council, a Local Authority, a Statutory Corporation or a similar body set up by the ³Central or Provincial Government, commercial or industrial concern whether singly owned or run through partnership having more than twenty employees, a body registered under the Companies Act, 1913, and a Co-operative Society;

(22B) "Public Officer" includes an Officer-in-charge of a Public Office];

(23) "receipt" includes any note, memorandum or writing--

1. XXVI of 1881.

2. Added by the Stamp (Punjab Amendment) Act, 1973 (XXVI of 1973).

3. Now "Federal", see the Federal Adaptation of Laws Order, 1975 (P.O. 4 of 1975).

- (a) whereby any money, or any bill of exchange, cheque or promissory note is acknowledged to have been received, or
 - (b) whereby any other movable property is acknowledged to have been received in satisfaction of a debt, or
 - (c) whereby any debt or demand, or any part of a debt or demand, is acknowledged to have been satisfied or discharged, or
 - (d) which signifies or imports any such acknowledgment, and whether the same is or is not signed with the name of any person; ⁴[***]
- (24) "settlement" means any non-testamentary disposition, in writing, of movable or immovable property made
- (a) in consideration of marriage,
 - (b) for the purpose of distributing property of the settler among his family or those for whom he desires to provide, or for the purpose of providing for some person dependent on him, or
 - (c) for any religious or charitable purpose;
- and includes an agreement in writing to make such a disposition ⁵[and, where any such disposition has not been made in writing, any instrument recording, whether by way of declaration of trust or otherwise, the terms of any such disposition]; ⁶[and
- (25) "soldier" includes any person below the rank of non-commissioned officer who is enrolled under the Indian Army Act, 1911 ⁷[or the Pakistan Army Act, 1952].]

CHAPTER II STAMP-DUTIES

A-Of the liability of instruments to duty

3. Instruments chargeable with duty. Subject to the provisions of this Act and the exemptions contained in Schedule I, the following instruments shall be chargeable with duty of the amount indicated in that schedule as the proper duty therefor respectively, that is to say--

- (a) every instrument mentioned in that Schedule which, not having been previously executed by any person, is executed in ⁸[Pakistan] on or after the first day of July, 1899;

4. The word "and" repealed by the Repealing and Amending Act, 1928 (XVIII of 1928).

5. Inserted by the Indian Stamp (Amendment) Act, 1904 (XV of 1904), Section 2.

6. The word "and" and Cl. (25), inserted by the Repealing and Amending Act, 1928 (XVIII of 1928), Section 2 and schedule.

7. Added by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955).

8. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", which had been substituted by the Adaptation of Central Acts and Ordinances Order, 1949 (G.G.O. 4 of 1949), Articles 3(2) and 4, for "British India".

- (b) every bill of exchange ¹[payable otherwise than on demand] ²[***] or promissory note drawn or made out of ³[Pakistan] on or after that day and accepted or paid, or presented for acceptance or payment, or endorsed, transferred or otherwise negotiated, in ⁴[Pakistan]; and
- (c) every instrument (other than a bill of exchange ⁵[***] or promissory note) mentioned in that Schedule, which, not having been previously executed by any person, is executed out of ⁶[Pakistan] on or after that day, relates to any property situate, or to any matter or thing done or to be done, in ⁷[Pakistan] and is received in ⁸[Pakistan]:

Provided that no duty shall be chargeable in respect of--

- (1) any instrument executed by, or on behalf of, or in favour of, the ⁹[Government] in cases where, but for this exemption, the ¹⁰[Government] would be liable to pay the duty chargeable in respect of such instrument;
- (2) any instrument for the sale, transfer or other disposition, either absolutely or by way of mortgage or otherwise, of any ship or vessel, or any part, interest, share or property of or in any ship or vessel registered under the Merchant Shipping Act, 1894 or under Act XIX of 1838,¹¹ or the Registration of Ships Act, 1841,¹² as amended by subsequent Acts.

1. inserted by the Indian Finance Act, 1927 (V of 1927), Section 5.
 2. The word "cheque" repealed, by the Indian Finance Act, 1927 (V of 1927).
 3. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", 1949, Articles 3(2) and 4, for "British India".
 4. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", 1949, Articles 3(2) and 4, for "British India".
 5. The word "cheque" repealed, by the Indian Finance Act, 1927 (V of 1927).
 6. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", 1949, Articles 3(2) and 4, for "British India".
 7. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", 1949, Articles 3(2) and 4, for "British India".
 8. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", 1949, Articles 3(2) and 4, for "British India".
 9. Substituted by the Stamp (West Pakistan Amendment) Ordinance, 1959 (XLVI of 1959), for "Crown".
 10. Substituted by the Stamp (West Pakistan Amendment) Ordinance, 1959 (XLVI of 1959), for "Crown".
 11. The Bombay Coasting Vessels Act, 1838.
 12. X of 1841.

4. Several instruments used in single transaction of sale, mortgage or settlement. ¹³(1) Where, in the case of any sale, mortgage or settlement, several instruments are employed for completing the transaction, the principal instrument shall be chargeable with the duty prescribed in Schedule I, for the conveyance, mortgage or settlement, and each of the other instruments shall be chargeable with a duty of four rupees instead of the duty (if any) prescribed for it in that Schedule].

(2) The parties may determine for themselves which of the instruments employed shall, for the purposes of sub-section (1), be deemed to be the principal instrument:

Provided that the duty chargeable on the instrument so determined shall be the highest duty which would be chargeable in respect of any of the said instruments employed.

5. Instruments relating to several distinct matters. Any instrument comprising or relating to several distinct matters shall be chargeable with the aggregate amount of the duties with which separate instruments, each comprising or relating to one of such matters, would be chargeable under this Act.

6. Instruments coming within several descriptions in Schedule I. Subject to the provisions of the last preceding section, an instrument so framed as to come within two or more of the descriptions in Schedule I, shall, where the duties chargeable thereunder are different, be chargeable only with the highest of such duties:

¹⁴[Provided that nothing contained in this Act shall render chargeable with duty exceeding four rupees a counterpart or duplicate of any instrument chargeable with duty and in respect of which the proper duty has been paid].

7. Policies of sea-insurance. (1) No contract for sea-insurance (other than such insurance as is referred to in Section 506 of the Merchant Shipping Act, 1894) shall be valid unless the same is expressed in a sea-policy.

(2) No sea-policy made for time shall be made for any time exceeding twelve months.

(3) No sea-policy shall be valid unless it specifies the particular risk or adventure, or the time, for which it is made, the names of the subscribers or underwriters, and the amount or amounts insured.

(4) Where any sea-insurance is made for or upon a voyage and also for time, or to extend to or cover any time beyond thirty days after the ship shall have arrived at her destination and been there moored at anchor, the policy shall be charged with duty as a policy for or upon a voyage, and also with duty as a policy for time.

8. Bonds, debentures or other securities, issued on loans under Act XI, 1879. (1) Notwithstanding anything in this Act, any local authority raising a loan under the provisions of the Local Authorities Loan Act, 1879, ¹⁵ or of any other law for the time

13. Substituted by the Stamp (West Pakistan Amendment) Act, 1964 (II of 1964).

14. Substituted by the Stamp (West Pakistan Amendment) Act, 1964 (II of 1964).

15. XI of 1879.

being in force, by the issue of bonds, debentures or other securities, shall, in respect of such loan, be chargeable with a duty of ¹[one per centum] on the total amount of the bonds, debentures or other securities issued by it, and such bonds, debentures or other securities need not be stamped, and shall not be chargeable with any further duty on renewal, consolidation, sub-division or otherwise.

(2) The provisions of sub-section (1) exempting certain bonds, debentures or other securities from being stamped and from being chargeable with certain further duty shall apply to the bonds, debentures or other securities of all outstanding loans of the kind mentioned therein, and all such bonds, debentures or other securities shall be valid, whether the same are stamped or not:

Provided that nothing herein contained shall exempt the local authority which has issued such bonds, debentures or other securities from the duty chargeable in respect thereof prior to the twenty-sixth day of March, 1897, when such duty has not already been paid or remitted by order issued by the ²[Federal Government].

(3) In the case of wilful neglect to pay the duty required by this section, the local authority shall be liable to forfeit to the ³[Provincial] Government a sum equal to ten per centum upon the amount of duty payable, and a like penalty for every month after the first month during which the neglect continues.

9. Power to reduce, remit or compound duties. ⁴[The Provincial Government] may, by rule or order published in the ⁵[Official Gazette]--

(a) reduce or remit, whether prospectively or retrospectively, in the whole or any part of ⁶[the territories under its administration], the duties with which any instruments or any particular class of instruments, or any of the instruments belonging to such class, or any instruments when executed by or in favour of any particular class of persons, or by or in favour of any members of such class, are chargeable, and

(b) provide for the composition or consolidation of duties in the case of issues by any incorporated company or other body corporate of debentures, bonds or other marketable securities.

⁷[9-A. Power of Provincial Government to exempt certain instruments. The Provincial Government may by ⁸[notification in] the official Gazette,

1. Substituted by the Indian Stamp (Amendment) Act, 1910 (VI of 1910), Section 2, for "eight annas per centum".

2. Substituted by the Punjab Laws (Adaptation) Order, 1974 (Pb. A.O. 1 of 1974), for "Central Government".

3. Inserted by the Stamp (West Pakistan Amendment) Ordinance, 1959 (XLVI of 1959).

4. The original words "The G.G. in C." were first substituted by the Government of India (Adaptation of Indian Laws) Order, 1937 as amended by the Government of India (Adaptation of Indian Laws) Supplementary Order, 1937 and then amended by the Stamp (West Pakistan Amendment) Ordinance, 1959 (XLVI of 1959).

5. Substituted by the Government of India (Adaptation of Indian Laws) Order, 1937 as amended by the Government of India (Adaptation of Indian Laws) Supplementary Order, 1937, for "Gazette of India".

6. Substituted by the Government of India (Adaptation of Indian Laws) Order, 1937 as amended by the Government of India (Adaptation of Indian Laws) Supplementary Order, 1937, for "British India".

7. Added by the Punjab Stamp (Amendment) Ordinance, 1984 (XXXVII of 1984).

8. Added by corrigendum published at p. 3029, Gazette of Punjab (Extraordinary), dated 31-12-1984.

generally exempt from payment of the whole or any part of the duties on any instrument executed by or in favour of a banking company in the normal course of its banking business.

Explanation. For the purpose of this Section, "Banking Company" shall have the same meaning as in the Banking Tribunals Ordinance, 1984⁹].

B-Of stamps and the mode of using them

10. Duties how to be paid. (1) Except as otherwise expressly provided in this Act, all duties with which any instruments are chargeable shall be paid, and such payment shall be indicated on such instruments, by means of stamps--

- (a) according to the provisions herein contained, or
- (b) when no such provision is applicable thereto, as the ¹⁰[Provincial Government] may by rules direct.

(2) The rules¹¹ made under sub-section (1) may, among other matters, regulate,--

- (a) in the case of each kind of instrument-the description of stamps which may be used;
- (b) in the case of instruments stamped with impressed stamps-the number of stamps which may be used;
- (c) in the case of bills of exchange or promissory notes written in any Oriental language-the size of the paper on which they are written.

11. Use of adhesive stamps. The following instruments may be stamped with adhesive stamps, namely:-

- (a) instruments chargeable with ¹²[a duty not exceeding twenty-five paise], except parts of bills of exchange payable otherwise than on demand and drawn in sets;
- (b) bills of exchange, ¹³[***] and promissory notes drawn or made out of ¹⁴[Pakistan];

9. The Banking Tribunals Ordinance, 1984, (LVIII of 1984).
 10. Substituted by the Stamp (West Pakistan Amendment) Ordinance, 1959 (XLVI of 1959), for "Collecting Government" which had been substituted by the Government of India (Adaptation of Indian Laws) Order, 1937 as amended by the Government of India (Adaptation of Indian Laws) Supplementary Order, 1937, for "G.G. in C".
 11. See the Stamp Rules, 1925.
 12. Substituted by the Stamp (West Pakistan Amendment) Act, 1964 (II of 1964), for "the duty of one anna or half an anna".
 13. The word "cheques" repealed by the Indian Finance Act, 1927 (V of 1927), Section 5.
 14. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", which had been substituted by the Adaptation of Central Acts and Ordinances Order, 1949 (G.G.O. 4 of 1949), Articles 3(2) and 4, for "British India".

- (c) entry as an advocate, vakil or attorney on the roll of a High Court;
- (d) notarial acts; and
- (e) transfers by endorsement of shares in any incorporated company or other body corporate.

COMMENTS

Pronote was not stamped. Deficiency in payment of stamps duty in any can be made up in accordance with law. Object was to collect dues of state revenue for public use and not to deprives any party of his valuable rights arising out of instrument. [PLJ 2013 Lahore 277]

12. Cancellation of adhesive stamps. (1) (a) Whoever affixes any adhesive stamp to any instrument chargeable with duty which has been executed by any person shall, when affixing such stamp, cancel the same so that it cannot be used again; and

(b) whoever executes any instrument on any paper bearing an adhesive stamp shall, at the time of execution, unless such stamp has been already cancelled in manner aforesaid, cancel the same so that it cannot be used again.

(2) Any instrument bearing an adhesive stamp which has not been cancelled so that it cannot be used again, shall, so far as such stamp is concerned, be deemed to be unstamped.

(3) The person required by sub-section (1) to cancel an adhesive stamp may cancel it by writing on or across the stamp his name or initials or the name or initials of his firm with the true date of his so writing, or in any other effectual manner.

COMMENTS

Cancellation of adhesive stamps. Cancellation is required for purpose of preventing fraud, thus if adhesive stamp is affixed on document and it is cancelled by drawing a line across it, it cannot be used again unless it is removed from document, which might not be possible without in some measure causing visible damage to stamp itself. [PLJ 2013 Lahore 665 (DB)]

13. Instruments stamped with impressed stamps how to be written. Every instrument written upon paper stamped with an impressed stamp shall be written in such manner that the stamp may appear on the face of the instrument and cannot be used for or applied to any other instrument.

14. Only one instrument to be on same stamp. No second instrument chargeable with duty shall be written upon a piece of stamped paper upon which an instrument chargeable with duty has already been written:

Provided that nothing in this Section shall prevent any endorsement which is duly stamped or is not chargeable with duty being made upon any instrument for the purpose of transferring any right created or evidenced thereby or of acknowledging the receipt of any money or goods the payment or delivery of which is secured thereby.

15. **Instrument written contrary to Section 13 or 14 deemed unstamped.** Every instrument written in contravention of Section 13 or Section 14 shall be deemed to be unstamped.

16. **Denoting duty.** Where the duty with which an instrument is chargeable, or its exemption from duty, depends in any manner upon the duty actually paid in respect of another instrument, the payment of such last mentioned duty shall, if application is made in writing to the Collector for that purpose, and on production of both the instruments, be denoted upon such first mentioned instrument, by endorsement under the hand of the Collector or in such other manner (if any) as the ¹[Provincial Government] may by rule prescribe.

C-Of the time of stamping Instruments

17. **Instruments executed in Pakistan.** All instruments chargeable with duty and executed by any person in ²[Pakistan] shall be stamped before or at the time of execution.

18. **Instruments other than bills and notes executed out of ³[Pakistan].**
(1) Every instrument chargeable with duty executed only out of ⁴[Pakistan], and not being a bill of exchange, ⁵[***] or promissory note, may be stamped within three months after it has been first received in ⁶[Pakistan].

(2) Where any such instrument cannot, with reference to the description of stamp prescribed therefor, be duly stamped by a private person, it may be taken within the said period of three months to the Collector, who shall stamp the same, in such manner as the ⁷[Provincial Government] may by rule prescribe, with a stamp of such value as the person so taking such instrument may require and pay for.

1. Substituted by the Stamp (West Pakistan Amendment) Ordinance, 1959 (XLVI of 1959), for "Collecting Government" which had been substituted by the Government of India (Adaptation of Indian Laws) Order, 1937 as amended by the Government of India (Adaptation of Indian Laws) Supplementary Order, 1937, for "G.G. in C".
2. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", which had been substituted by the Adaptation of Central Acts and Ordinances Order, 1949 (G.G.O. 4 of 1949), Articles 3(2) and 4, for "British India".
3. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", which had been substituted by the Adaptation of Central Acts and Ordinances Order, 1949 (G.G.O. 4 of 1949), Articles 3(2) and 4, for "British India".
4. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", which had been substituted by the Adaptation of Central Acts and Ordinances Order, 1949 (G.G.O. 4 of 1949), Articles 3(2) and 4, for "British India".
5. The word "cheque" repealed by the Indian Finance Act, 1927 (V of 1927), Section 5.
6. Substituted by the Central Laws (Statute Reform) Ordinance, 1960 (XXI of 1960), Section 3 and 2nd schedule (with effect from the 14th October, 1955), for "the Provinces and the Capital of the Federation", which had been substituted by the Adaptation of Central Acts and Ordinances Order, 1949 (G.G.O. 4 of 1949), Articles 3(2) and 4, for "British India".
7. Substituted by the Stamp (West Pakistan Amendment) Ordinance, 1959 (XLVI of 1959), for "Collecting Government", which had been substituted by the Government of India (Adaptation of Indian Laws) Order, 1937 as amended by the Government of India (Adaptation of Indian Laws) Supplementary Order, 1937, for "G.G. in C".

19. Bills and notes drawn out of Pakistan. The first holder in ¹[Pakistan] of any bill of exchange, ²[payable otherwise than on demand] ³[***] or promissory note drawn or made out of ⁴[Pakistan] shall, before he presents the same for acceptance or payment, or endorses, transfers or otherwise negotiates the same in ⁵[Pakistan], affix thereto the proper stamp and cancel the same:

Provided that,--

- (a) if, at the time any such bill of exchange, ⁶[***] or note comes into the hands of any holder thereof in ⁷[Pakistan], the proper adhesive stamp is affixed thereto and cancelled in manner prescribed by Section 12, and such holder has no reason to believe that such stamp was affixed or cancelled otherwise than by the person and at the time required by this Act, such stamp shall, so far as relates to such holder, be deemed to have been duly affixed and cancelled;
- (b) nothing contained in this proviso shall relieve any person from any penalty incurred by him for omitting to affix or cancel a stamp.