

May 29, 2020

To,
All recognised Stock Exchanges
Dalal Street Commercial Cooperative Society Ltd
BSE Brokers' Forum
Association of National Exchanges Members of India
Commodities Participants Association of India

Subject: Operating framework for refund of Stamp Duty to Stockbrokers registered in domestic area of GIFT City

We refer to the Guidelines regarding refund of stamp duty for transactions executed by stockbrokers from GIFT CITY, Gandhinagar as per the Order No. GHM-2016-148-M-STP-122015-825-H-1 dated May 16, 2016 and recent notification No. STP/122020/13/H.1 dated April 11, 2020 issued by Revenue Department, Govt. of Gujarat.

The said notification provides for refund of Stamp Duty with regard to "Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) (Second Amendment) Rules, 2020" as per the Indian Stamp Act – 1899 published in Gazette of India, dated March 30, 2020 on the matter of centralisation of collection of stamp duty announced by Government of India.

2. Based on the consultation with stakeholders, it was suggested to provide operating framework for setting up registered office in the domestic area of GIFT City, Gujarat.
3. Accordingly, an Operating Framework for Stockbrokers for setting up registered office at GIFT City is being issued and the same is enclosed at Annex – 1.
4. The associations of Stockbrokers are advised to circulate the Operating Framework to their Members.
5. Stockbrokers are requested to follow the guidelines provided in the **Annex – 1** enclosed herewith.
6. The applicability of these Operating Framework is subject to such conditions that may be prescribed by the Govt. of Gujarat from time to time.
7. The Operating Framework is available on our website at www.giftgujarat.in

For any other clarifications, please contact query@giftgujarat.in

From,

GIFT CITY - CORPORATE COMMUNICATION



GUJARAT INTERNATIONAL FINANCE TEC-CITY COMPANY LIMITED | CIN : U65929GJ2007PLC051160

Registered Office : Office No. 1, 28th Floor, GIFT One Tower, Building 56A, Block No. 56, Road-5C, Zone -5, GIFT CITY, Gandhinagar, Taluka & District Gandhinagar – 382355, Gujarat, India
Tel. : +91 79 61708300 ; **Fax :** +91 79 30018321 ; **Website :** www.giftgujarat.in

May 29, 2020

Operating framework for Stockbrokers having Registered Office in domestic zone of GIFT City for claiming refund of Stamp Duty

Guidelines regarding refund of stamp duty for transactions executed by stockbrokers from GIFT CITY, Gandhinagar as per the Order No. GHM-2016-148-M-STP-122015-825-H-1 dated May 16, 2016 issued by the Revenue Department – Government of Gujarat and recent notification No. STP/122020/13/H.1 dated April 11, 2020 issued by the Revenue Department, Government of Gujarat with reference to “Recovery of Stamp Duty on contract of security and commodity as per the Provision of Section 9(a) of Indian Stamp Act – 1899” published in Gazette of India, dated March 30, 2020 on the matter of centralisation of collection of stamp duty announced by Government of India.

In the context of the above notifications and specifically with reference to the notification No. STP/122020/13/H.1 dated April 11, 2020 issued by the Revenue Department, Government of Gujarat, stockbrokers having registered office established at GIFT City, Gandhinagar would be eligible for the refund of the stamp duty paid on Security and Commodity transactions leviable as per the provisions of Gujarat Stamp Act, 1958.

For this purpose, it is clarified that the stockbrokers having registered office at GIFT City, Gandhinagar and also operate and trade from the said office shall be eligible for refund subject to fulfilment of following conditions:

1. **In case of Proprietary Trading / Client Trading:** Stockbroker having registered office at GIFT City and also operate and trade from the GIFT City are entitled to refund of stamp duty subject to fulfilment of following conditions:

- i. Trading related activities including order placement and back-office operations should be carried out from the office premises situated in registered office of the stockbroking firm at GIFT City.
 - a) Stockbrokers having net worth up to Rs. 5 crores to have minimum number of employees not less than 5



GUJARAT INTERNATIONAL FINANCE TEC-CITY COMPANY LIMITED | CIN : U65929GJ2007PLC051160

Registered Office : Office No. 1, 28th Floor, GIFT One Tower, Building 56A, Block No. 56, Road-5C, Zone -5, GIFT CITY, Gandhinagar, Taluka & District Gandhinagar – 382355, Gujarat, India

Tel. : +91 79 61708300 ; **Fax :** +91 79 30018321 ; **Website :** www.giftgujarat.in

- b) Stockbroker having net worth of more than Rs. 5 crores to have minimum number of employees not less than 10

The requirement of minimum number of employees shall be met within one year of starting the operations in GIFT City.

- ii. Stockbroker shall appoint required manpower based on the above-mentioned functions and also appoint a designated officer responsible for the functioning and compliance requirements of said unit in the GIFT City. Stockbroker should also communicate the details of designated officer so appointed to Revenue Department, Government of Gujarat for necessary correspondence, if required.
- iii. Stockbroker shall submit the details of employees / dealers physically working from the registered office at GIFT City at the starting of business and on yearly basis on or before 15 days from the end of financial year to Revenue Department, Govt. of Gujarat.
- iv. Stockbroker shall occupy a minimum size of office space at GIFT City for setting up a registered office as per below:
- a) Stockbroker with net worth up to Rs. 5 cr: Minimum 500 sq.ft of carpet area
- b) Stockbroker with net worth more than Rs. 5 cr: Minimum 1400 sq.ft of carpet area
- c) In case net worth increases during the financial year beyond the aforementioned limit, stockbroker would comply with above norms within a year.

The above requirement shall be met within one year of the starting of operations at GIFT City.

- v. All the traders / dealers of the stockbroker entity should remain physically present in the office premises at GIFT City during the trading activity.



- vi. In case of co-located trading, the session IDs shall operate from the office premises situated in the GIFT – City.
- vii. Stockbroker shall develop required technology infrastructure including lease line connectivity at the registered office at GIFT City.
- viii. The trading terminal / API ID should be mapped with the machines in the office premises situated at GIFT City.
- ix. stockbroker shall submit the IP address of the trader systems located at registered office at GIFT City to Stock Exchanges before commencing the operations and intimate to stock exchange in case of addition / change in IP address within 7 days
- x. Gujarat based client transactions carried out by stockbroker having registered office at GIFT City through the phone/Internet/Mobile based trading facility if conducted through servers of the stockbroker which is physically hosted from GIFT City (own office or data centre in GIFT City) shall be eligible for refund of stamp duty based on the client KYC address and/ or terminal wise turnover data received from relevant stock exchange/clearing corporation/depository. The stockbroker will in turn refund this amount back to respective client only if it had been collected / charged to client within 15 days of the refund received from Govt. of Gujarat.
- xi. In accordance with Indian Stamp (Collection of Stamp Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019, in case the State of buyer is not available in the “permanent address” or “correspondence address” in India, the state having the registered address of the Stockbroker, through whom the trade or transfer was executed would be considered the “domicile state” for the purpose of transfer of stamp duty collected by stock exchange / clearing corporation / depository.
Stockbroker with registered office in GIFT City will be eligible for refund of Stamp Duty for such clients based on the data received from stock exchange



/ clearing corporation / depository. The Stockbroker will in turn refund this amount back to respective client if it had been collected or charged to the client within 15 days of the refund received from Govt. of Gujarat.

- 2. Treasury desk:** The Treasury desk of various clients with KYC address of GIFT City and transacting through stockbroker having registered office at GIFT City through the phone/Internet/Mobile based trading facility if conducted through servers of the stockbroker which is physically hosted from GIFT City (own office or data centre in GIFT City) shall be eligible for refund of stamp duty duly certified by the relevant stock exchange/clearing house/depository. The risk management function and square off of such transactions should also be conducted by the stockbroker from the GIFT City office. The stockbroker will in turn refund this amount back to respective client only if it had been collected / charged to client within 15 days of the refund received from Govt. of Gujarat. The trading and back office operations related to transactions of Treasury office should be performed by the staff at GIFT City office.

Stockbrokers are requested to strictly adhere to the above guidelines. The refund of the stamp duty would be subject to fulfilment of the above conditions and Revenue Department, Government of Gujarat reserves right to inspect the office premises as and when required. Further, refund would be given of the amount which was actually paid by the stockbrokers and collected by the various authorities as mentioned in the Indian Stamp (Collection of Stamp-Duty through Stock Exchanges, Clearing Corporations and Depositories) Rules, 2019.

Stockbroker shall submit the quarterly statement of the stamp duty refund to their clients where applicable.

It will be the responsibility of Stock Exchanges, Clearing Corporations and Depositories to provide data for refund of stamp duty to the Revenue Department, GoG based on the aforementioned operating guidelines and the order of the Revenue Department, GoG dated April 11, 2020.

