

## Tax Alert | Delivering clarity

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### Ceiling limit on payment of stamp duty on scheme of arrangement / reconstruction in Maharashtra increased

Government of Maharashtra increases the ceiling on stamp duty payable on arrangement / reconstruction orders in Maharashtra

#### Background:

Hitherto, the maximum stamp duty payable on orders of schemes of amalgamation, mergers, demergers, arrangements or reconstructions ("scheme of arrangement") of companies / banks in the state of Maharashtra under Article 25(da) of Schedule I to the Maharashtra Stamp Act, was INR 250 million.

#### Highlights of the Order:

Government of Maharashtra has vide order<sup>1</sup> dated 16 March 2020 increased the maximum stamp duty payable on scheme of arrangement of companies / banks in the state of Maharashtra from INR 250 million to INR 500 million.

Accordingly, maximum stamp duty on order passed by the following authorities in respect of the scheme of arrangement of companies (including subsidiaries of parent company), banking companies will be INR 500 million:

- National Company Law Tribunal under sections 230 to 234 of the Companies Act, 2013
- Confirmation issued by the Central Government under section 233(3) of the Companies Act, 2013 for merger / amalgamation between two or more small companies (or) between a holding company and its wholly-owned subsidiary company
- Reserve Bank of India under section 44A of the Banking Regulation Act, 1949 in respect of amalgamation or reconstruction of banking companies.

#### Conclusion:

Raising the ceiling will increase cost of big-ticket arrangement / reconstruction in the state of Maharashtra.

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<sup>1</sup> Order No. Mudrank-2018/CR-115/M-1 (Dhoran) dated 16 March 2020



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