

Karnataka Govt. accepts FICCI's plea to reduce stamp duty on Joint Development Agreements in realty sector

NEW DELHI, March 22, 2012. The Government of Karnataka has accepted FICCI's recommendation on reducing stamp duty on Joint Development Agreements (JDAs) between developers and land owners.

In the Karnataka state budget for 2012-13 announced today, the State Government reduced the stamp duty from 6 per cent to 1 per cent (subject to a maximum of Rs 15 lakh) on the market value of the property in respect of Joint Development Agreement and Power of Attorney thereof. This announcement will provide a big relief to the developers in the state who are reeling under the burden of rising inputs and labour costs.

In 2011-12 an amendment was introduced to the Karnataka Stamp Act, under which a stamp duty of 6 per cent was levied on the market value of the land considered for Joint Development Agreements (JDA). This was burdensome for the realty sector as it increased the project cost for developers and raised prices for consumers. Prior to this amendment, the developers paid a flat stamp duty of one per cent of the market value of the property subject to a maximum of Rs 1.5 lakh on all Joint Development Agreement (JDA) in the state.

FICCI in its appeal to the State Government argued that such a high rate of stamp duty was restricting formation of JDAs and actual sale of land in the state. FICCI urged the Government of Karnataka to reconsider imposition of stamp duty on JDAs and make suitable announcement in the state budget for 2012-13.

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