

Why stamp duty payment is necessary?

An agreement for sale, which provides for transfer of possession is treated as conveyance of the property which may be agreed to be sold under the impugned agreement as per the Amendment to the Bombay Stamp Act carried out in the State of Maharashtra. An agreement for sale *per se* does not create any right over the property. However, when possession is to be given under the terms of the agreement it amongst to the transfer of property. Prior to the Amendment referred to herein above the parties use to execute agreement for sale on a stamp paper of Rs. 100/- and even after transferring the possession conveyance was not executed. With the result, on the one hand, the government does not get the revenue and on the other hand, the tile of the purchaser of the property is not perfected. As such, an agreement for sale need to be registered being Deemed Conveyance after payment of necessary stamp duty under Article 25 of Bombay Stamp Act, 1958.