



The EAA to issue a new practice circular on Special Stamp Duty

(10 August 2011) Upon the passage of the Stamp Duty (Amendment) Ordinance 2011 by the Legislative Council, details of the Special Stamp Duty (SSD) have been finalized. The Estate Agents Authority (EAA) will issue a new practice circular (no: 11-03 (CR)) tomorrow, reminding the estate agents that if it is ascertained that the sale of the property being handled is subject to SSD, they should advise their clients to agree on which party shall pay the SSD and specify their agreement in the preliminary agreement for sale and purchase (PASP).

The new practice circular reminds estate agents that the disposal (which includes a resale or transfer) within 24 months of a residential property acquired on or after 20 November 2010 will be subject to SSD. As such, practitioners should bring to the attention of their clients before entering into any PASP that the sale of the property concerned will be subject to SSD if it can be ascertained from the land search of the property and/or the vendor that the property was acquired by the vendor on or after 20 November 2010 and that its sale under the PASP is within 24 months from the date of acquisition.

As both vendor and purchaser are jointly and severally liable for payment of the SSD, practitioners should advise their clients to agree on which party (i.e. the vendor or the purchaser) should pay the SSD and specify their agreement in the PASP. Moreover, estate agents should refer to detailed information of the SSD on the website of the Inland Revenue Department.

EAA Chief Executive Officer Mrs Rosanna Ure said, “the EAA hopes that through the practice circular, estate agents would be reminded to pay particular attention to SSD when handling property transactions. Where necessary, they should remind their clients to pay the SSD as stipulated in



the law.” Practitioners who fail to observe the guidelines set out in the practice circular may be subject to disciplinary action by the EAA.

In order to enhance the estate agents’ understanding of the SSD, the EAA invited officials from the Stamp Office of the Inland Revenue Department to brief some 270 practitioners on the details of the SSD at two seminars held on 11 and 12 July.

The EAA also videotaped the seminars and played the video at a subsequent seminar for practitioners. Moreover, DVDs of the video are available for the practitioners’ collection at the EAA’s office. The video has also been uploaded to the EAA’s website (www.eaa.org.hk) for practitioners’ viewing at any time.

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