



**The EAA issues a Practice Circular on
Special Stamp Duty and Buyer's Stamp Duty**

(15 May 2014) As the Stamp Duty (Amendment) Ordinance 2014 was gazetted earlier this year, details of the revised Special Stamp Duty (“SSD”) and Buyer’s Stamp Duty (“BSD”) have been finalised. Hence, the Estate Agents Authority (“EAA”) issued a new Practice Circular (no: 14-02 (CR)) reminding estate agents that if it can be ascertained that the sale or purchase of the residential property being handled will be subject to SSD or BSD, they should draw their clients’ attention to the fact before entering into any provisional agreement for sale and purchase (“PASP”) and advise their clients appropriately. This new Circular will replace the old relevant Circular and comes into effect today.

The new Circular was updated from the one issued in 2011 on the SSD, serving to draw estate agents’ attention to revisions made in respect of the SSD and introduction of the BSD. The new Circular reminds estate agents that the disposal (which includes a resale or transfer) within 24 months of a residential property (if it was acquired between 20 November 2010 and 26 October 2012) or within 36 months (if it was acquired on or after 27 October 2012) will be subject to SSD. In such cases, estate agents should bring to the attention of their clients before entering into any PASP that the sale of the property will be subject to SSD. They should also pay attention to the applicable rates of SSD based on the holding periods of the property by the seller or transferor before disposal.

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.



In addition, the new Circular also reminds estate agents that unless specifically exempted, BSD is payable on a chargeable agreement for sale or conveyance on sale for the acquisition of a residential property if the agreement for sale or conveyance on sale is executed on or after 27 October 2012, except where the purchaser or transferee is a Hong Kong permanent resident acquiring the property on his/her own behalf.

EAA Acting Chief Executive Officer Ms Ruby Hon said, “The EAA issued the new Practice Circular with an aim of reminding estate agents to pay attention to the revised SSD and the BSD when handling property transactions. Where appropriate, they should remind their clients to pay the SSD and BSD as stipulated in the law.”

The new Circular is available at the EAA’s website. Estate agents are also advised to refer to detailed information of the SSD and BSD on the website of the Inland Revenue Department. In order to enhance the estate agents’ understanding of the SSD and BSD, officials from the Stamp Office of the Inland Revenue Department have been invited to conduct relevant CPD seminars for estate agents in June 2014, details will be announced in due course.

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