



The EAA issues Practice Circulars on the Adjustments to Ad Valorem Stamp Duty and the mobile version of Integrated Registration Information System Online Services

(7 October 2014) The Estate Agents Authority (“EAA”) issued two new Practice Circulars today, providing guidelines for the estate agency trade in relation to the adjustments to ad valorem stamp duty (“AVD”) and the mobile version of the Integrated Registration information System Online Services (“IRIS”) launched by the Land Registry. Both new Circulars took effect today.

The Stamp Duty (Amendment) (No. 2) Ordinance 2014 was gazetted earlier this year, stipulating payment of AVD at higher rates on both residential and non-residential properties acquired on or after 23 February 2013. In this connection, the Practice Circular (no. 14-03 (CR)) issued today reminds estate agents that they should bring to the attention of clients before they enter into any provisional agreement for sale and purchase (“PASP”) that the sale and purchase of the property will be subject to the AVD at a higher rate unless specifically exempted or otherwise provided.

According to the Circular, the higher rates of AVD do not apply to certain cases, such as in the case of a residential property transaction where the purchaser or transferee is a Hong Kong Permanent Resident acting on his/her own behalf and he/she does not own any other residential property in Hong Kong at the time the PASP is entered into. Estate agents should pay attention to the circumstances under which the AVD at a higher rate is payable and advise their clients appropriately.

As both the vendor and purchaser are jointly and severally liable for payment of the AVD, estate agents should advise their clients to agree on which party should pay the AVD and specify their agreement in the PASP. If necessary, they should also invite their clients to seek legal advice on their liability for payment of the AVD.

In addition, with the launch of the mobile version of the IRIS by the Land Registry, the other new Practice Circular (no. 14-04 (CR)) sets out



matters that estate agents should pay attention to if they choose to use the mobile version of the IRIS Online Services to conduct land searches.

According to this Circular, estate agents are reminded to comply with all the relevant statutory requirements and guidelines issued by the EAA if they choose to use the mobile version of the IRIS Online Services to conduct land searches. As the mobile version of the IRIS does not provide users with the option to receive search results by download, fax, mail or counter collection, estate agents are advised to receive such results by email and archive the land searches (with backup) so that the land searches may be easily retrieved in order to comply with the relevant statutory requirements and guidelines.

EAA Chief Executive Officer Ms Ruby Hon said, “The new Circulars were issued in light of the Government’s new measure and new service in relation to the property market. We expect the estate agency trade to pay attention so that they can advise their clients responsibly and to comply with the relevant requirements.”

The new Circulars are available at the EAA’s website. For complying with the Practice Circular on AVD, estate agents are also advised to refer to detailed information available at the website of the Inland Revenue Department.

- End -