

13 May 2022

Shri. Amaresh Tripathi
OSD to Principal Secretary,
Department of Stamp Duty
Government of Uttar Pradesh

Subject: Need for clarification with respect to the applicability of stamp duty on CAM (common area maintenance) charges and GST thereon

Reference: RAI delegation Meeting held on 2.5.2022 under the chairmanship of Smt Veena Kumari – Hon Principal Secretary – Stamp Duty, Government of Uttar Pradesh

Dear Sir,
Greetings from RAI!

Retailers Association of India (RAI) is the unified voice of Indian retailers working with all the stakeholders for creating the right environment for the growth of the modern retail industry in India. RAI is the premier body of Retailers in India, having around 13667 member establishments, including large and small retailers in the country, having approximately 500,000 stores providing Direct and Indirect employment to 50 million Indians.

At the outset, we would like to thank your kind offices for providing us with the opportunity to present our views during the meeting held on 2 May 2022 on this extremely pertinent subject – ***Rationalization of Stamp Duty in the State of Uttar Pradesh.***

We are writing to you further to our discussion with ***you and Smt Veena Kumari – Hon Principal Secretary – Stamp Duty. As discussed in the meeting*** UP is among the states in India where stamp duty is comparatively higher. ***Enclosed herewith is the stamp duty applicable in other states for your reference.***

We would like to humbly submit that:

1. Our members have at no point in time been averse to and/or against payment of a **REASONABLE** stamp duty. But the higher stamp duty in the state severely impacts the retail business in the state.
2. The higher stamp duty in the state will **eventually render labour intensive business like retail economically unviable.**
3. Retail sector is the **highest employment generating sector** in the State. Since the sector accounts for creating maximum employment and operates on marginal viability,
4. We would to highlight that disparity between stamp duty in the State with stamp duty in other neighboring States shall affect or is likely to affect public interest and industry as a whole. This move may **force many retailers to shift out their business** from UP to neighboring states.
5. Retailers are operating with a huge store base and large employee base which results in enormous amount of taxes and GST for the government which is further used for the development of the geography.



Development charges

As stated above UP is among the states in India where stamp duty is comparatively higher. One of the reasons for higher rate is that the department collects development charges i.e., 2% which is also a part of stamp duty levy. We recommend that this should be done way with.

Also, lease should not be treated as Transfer of property.

Clarification on stamp duty on Common Area Maintenance Charges (CAM)

CAM is a pass-through cost that is incurred by shopping centres and Malls and reimbursed by the retailers which includes expenses like electricity charges, water charges, safety and security etc. CAM and GST thereon are subject to stamp duty in the state of Uttar Pradesh which is an additional burden for retailers.

Further, as discussed in the meeting, request your good offices to issue a clarification that ***stamp duty would not be applicable on common area maintenance (CAM) charges and GST thereon.***

In light of this, we would be grateful if your good offices could issue a clarification in this regard at the earliest.

Thank you for the opportunity, we look forward to many such interactions, to ensure business continuity and economic recovery.

Warm Regards,
For and on Behalf of Retailers Association of India,

Gautam Jain, Director – Advocacy, RAI

CC:

***Smt. Veena Kumari,
Honorable Principal Secretary,
Department of Stamp Duty
Government of Uttar Pradesh***