

REVENUE RULING NO. SD 189

FINANCIAL INSTITUTIONS DUTY - LIABILITY OF RECEIPTS FROM BAILMENT AGREEMENTS

PREAMBLE

- Clarification has been sought as to the liability to financial institutions duty of receipts from bailment agreements where a finance company is a registered financial institution.

RULING

- Section 98A(a) of the Stamp Duties Act, 1920 provides, in effect, that financial institutions duty is not payable in respect of

"a receipt to the extent that it is for the sale of goods by the designated person otherwise than under a credit contract, a hiring arrangement within the meaning of Section 74D or a lease within the meaning of Section 76".
- Receipts from Bailment Agreements which represent proceeds from sale of goods by a designated person are considered to fall within section 98A(a) of the Act and not liable to financial institutions duty. It should be noted however that receipts representing commission, rent, fee or similar payment by a retailer to a finance company are considered to be normal receipts upon which financial institutions duty is payable.

B. BUCHANAN
for Chief Commissioner of Stamp Duties.
18 July 1991.

Last Updated: 20-Sep-2001