

Section 5 of the Maharashtra Stamp Act, 1958, cannot be invoked to dissect a composite scheme sanctioned by a single NCLT order into 'distinct matters' or 'transactions' to levy separate stamp duty on each component of the merger

The **Bombay High Court** in the case of **Schaeffler India vs Chief Controlling Revenue Authority [Writ Petition No. 7496 of 2023] dated February 18, 2026**, has ruled that Section 5 of the Maharashtra Stamp Act, 1958, cannot be invoked to dissect a composite scheme sanctioned by a single NCLT order into 'distinct matters' or 'transactions' to levy separate stamp duty on each component of the merger. The ruling came while observing that the instrument chargeable to stamp duty is the order of the NCLT sanctioning a scheme of amalgamation, and not the underlying transactions of merger contained within that scheme.

The Court explained that the stamp duty is attracted to the instrument as a whole, and it is impermissible for stamp authorities to assess the underlying transactions for the purpose of levying duty. The Court clarified that the instrument is the NCLT, Mumbai order, which is a single instrument liable for stamp duty once, subject to the single statutory cap.

The Court observed that the statutory framework, through a conjoint reading of Section 2(g)(iv), Section 3, and Article 25(da) of the Maharashtra Stamp Act, 1958, clearly indicates that the instrument chargeable with stamp duty is the order of the NCLT sanctioning the scheme, and not the underlying scheme of amalgamation itself. Thus, the Court held that the impugned orders from the stamp authorities were legally unsustainable because they assessed the stamp duty payable on the underlying transactions of merger, rather than on the NCLT, Mumbai order which was the instrument lodged for adjudication.

On the application of Section 5 of the Stamp Act, 1958, the Court found the revenue authorities' application to be erroneous. It explained that Section 5 applies where a single instrument relates to several distinct matters. Since the authorities had treated the amalgamation of INA Bearings and LuK India as two distinct matters within the NCLT Mumbai order, the Court held that applying Section 5 requires delving into the underlying transaction, which is impermissible in the case of an NCLT sanction order.

The Court agreed with the decision of the Gujarat High Court in *Ambuja Cements Limited vs Chief Controlling Revenue Authority [C/SR/1/2020 decided on 10/02/2023]*, which held that a scheme of amalgamation sanctioned by a court cannot be brought within the sweep of Section 5 of the Stamp Act.

The Court also pointed out that the stamp authorities in Mumbai do not have the jurisdiction to assess stamp duty on the NCLT, Chennai order, as it did not originate in Maharashtra and was not 'received' in the state as per the Stamp Act. The mere reference to the amalgamation of LuK India in the NCLT, Mumbai order (for the purpose of confirming the fairness of the composite scheme) does not amount to bringing the NCLT, Chennai order into Maharashtra. The Court clarified that whether stamp duty was paid on the NCLT, Chennai order is a matter for the authorities in Chennai and is immaterial for assessing the duty on the NCLT, Mumbai order.