

2010-11 BUDGET TAX MEASURES

RELEVANT TO ACCA QUALIFICATION PAPERS F6 (HKG) AND P6 (HKG)

On 24 February 2010, the Financial Secretary, Mr John Tsang Chun-wah, delivered his third 2010–11 Budget speech of the Hong Kong Special Administrative Region Government to the Legislative Council. While the main objectives of the Budget are the consolidation of the recovery, the development of the economy and the building of a more caring society, Mr Tsang also proposed several profits tax measures to encourage the development of Hong Kong's asset management and knowledge-based businesses.

First, the Inland Revenue Department (IRD) has clarified the meaning of 'central management and control' in the revised Departmental Interpretation and Practice Notes No. 43, *Profits Tax Exemption for Offshore Funds* (February 2010) (DIPN 43) to address the fund industry's concern about the residency requirement for directors of the management committee of offshore funds in their applications for profits tax exemption.

Second, on the area of qualifying debt instruments, Mr Tsang proposed to extend this concession to cover qualifying debt instruments with a maturity period of less than three years.

Third, to promote wider application of intellectual property by enterprises and the development of creative industries, Mr Tsang proposed to expand the existing regime of tax deductible capital expenditure on the purchase of patent rights and industrial know-how to cover registered trademarks, copyrights and registered designs.

WHILE THE MAIN OBJECTIVES OF THE BUDGET ARE THE CONSOLIDATION OF THE RECOVERY, THE DEVELOPMENT OF THE ECONOMY AND THE BUILDING OF A MORE CARING SOCIETY, MR TSANG ALSO PROPOSED SEVERAL PROFITS TAX MEASURES TO ENCOURAGE THE DEVELOPMENT OF HONG KONG'S ASSET MANAGEMENT AND KNOWLEDGE-BASED BUSINESSES.

Fourth, to encourage the business sector to purchase more electric vehicles, hybrid vehicles and other environment-friendly commercial vehicles, Mr Tsang proposed to accelerate the tax deduction for capital expenditure on environment-friendly vehicles.

To promote Hong Kong as an international financial centre, the Financial Secretary also proposed extending an exemption of stamp duty to trading of exchange-traded funds (ETFs). To tackle the overheated residential property market and curb down the speculations, Mr Tsang also recommended that the stamp duty rate for property value exceeding HK\$20m shall be subject to a higher rate.

This article analyses all these new tax measures and provides an insight into their implications to laws and practices in the Hong Kong tax regime. Examples for these new tax measures are also given and the article concludes with comments on these new tax measures and recommendations.

CENTRAL MANAGEMENT AND CONTROL OF AN OFFSHORE FUND

In order to promote asset management businesses in Hong Kong, the Government proposed in the 2003–04 Budget to exempt offshore funds from profits tax. Offshore funds, for the purposes of DIPN 43, refer to non-resident entities, whether individuals, corporations, partnerships or trustees of trust estates.

The proposal aims to help attract new offshore funds to Hong Kong and encourage existing offshore funds to continue investing in Hong Kong. The Government has, since February 2004, consulted the fund management industry on its proposals to exempt offshore funds from profits tax. After the second consultation in January 2005, the Government made its proposal: 'Profits Tax Exemption for Offshore Funds' in April 2005. On 10 March 2006, the Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2006 was enacted to implement the proposal. The new law impacts not only on funds but also on investors.

Broadly speaking, two important provisions, namely 'Exemption Provisions' and 'Deeming Provisions' are introduced into the Inland Revenue Ordinance (IRO). The Exemption Provisions exempt non-resident persons (including individuals, corporations, partnerships and trustees of trust estates) from tax in respect of profits derived from certain specified transactions¹ carried out through or arranged by specified persons². To qualify for the exemption, a non-resident person must not carry on any other business in Hong Kong other than the specified transactions, or transactions incidental³ to the carrying out of the specified transactions.

The exemption is intended for non-resident persons only. The Deeming Provisions are anti-avoidance provisions which provide that (i) a resident person who, together with his associates, holds a direct or indirect beneficial interest of 30% or more in a tax-exempt non-resident person or (ii) a resident person who holds any interest, direct or indirect, in an associated tax exempt non-resident person will be subject to Hong Kong profits tax on its share of the non-resident's tax exempt profits, regardless of whether an actual distribution has been made or not.

The purpose of the Deeming Provisions is to avoid abuse of the Exemption Provisions by Hong Kong residents and to prevent 'round trippers' from abusing the exemption granted to genuine offshore funds (eg by resident persons disguised as non-resident persons to take advantage of the exemption). The Hong Kong resident person will be deemed to have derived assessable profits in respect of the trading profits earned by the offshore fund from specified transactions and incidental transactions carried out by the offshore fund in Hong Kong. The amount of deemed profits is ascertained by reference to the percentage of the Hong Kong resident person's beneficial interest in the offshore fund and the length of ownership within the relevant year of assessment.

The Deeming Provisions will apply from the year of assessment 2006–07 and onwards, but they will not apply however in the case where the beneficial interest in the non-resident fund is regarded by the Commissioner of Inland Revenue as 'bona fide widely held'⁴.

EXAMPLE 1

The following example demonstrates the beneficial interests held by associates are to be taken into account for an exemption claim:

Scenario A:

O Limited is a Hong Kong resident company

N Limited and O Limited are resident companies. They are fellow wholly-owned subsidiaries of the same holding company. N Limited and O Limited respectively hold 20% and 25% of the issued shares of D-Fund Limited, a tax-exempt offshore fund.

N Limited and O Limited are associates as they are under the control of the same company. As their beneficial interests in D-Fund Limited in total exceed the '30% or more' threshold (ie 20% + 25% = 45%), the Deeming Provisions will apply to both of them. Deemed assessable profits will be ascertained by reference to the respective percentages of their beneficial interests in D-Fund Limited. Hence, 20% and 25% of the exempt profits of D-Fund Limited will be deemed to be the assessable profits of N Limited and O Limited respectively.

Scenario B:

O Limited is a non-Hong Kong resident company

The Deeming Provisions will not apply to O Limited, which is a non-resident company. The Deeming Provisions will still apply to N Limited as its beneficial interest together with that of O Limited (though it is a non-resident company) in D-Fund Limited exceed the '30% or more' threshold. 20% of the exempt profits of D-Fund Limited will be deemed to be the assessable profits of N Limited. O Limited does not have any tax liability since the Deeming Provisions do not apply to a non-resident.

Source: Examples 5 and 6, DIPN 43, p23

The IRD has previously stated that the location of 'central management and control' is wholly a question of fact. In general, if the 'central management and control' of a company is exercised by directors in board meetings, the relevant locality is where those meetings are held. However, paragraph 15 of the revised DIPN 43 includes the following statement:

It should be noted that the residence of individual directors is generally not relevant in determining the locality of a company's central management and control (see, however, the comments in paragraph 16 below). Therefore, the mere fact that the majority of the directors of the management board of a company are resident in Hong Kong does not of itself mean that the company is centrally managed and controlled in Hong Kong, and hence would not adversely affect the application of the tax exemption.

This does not mean, however, that an individual director's residence can be completely ignored in all cases. In fact, the new guidance itself is qualified and specifically refers to the comments made in paragraph 16 below:

The place of board meetings also is not necessarily conclusive. It is significant only in so far as those meetings constitute the medium through which central management and control is exercised. In cases where central management and control of a company is in fact exercised by an individual (for example, the board chairman or the managing director), the relevant locality is the place where the controlling individual exercises his power. As central management and control is a question of fact and reality, when reaching a conclusion in accordance with case law principles, only factors which exist for genuine commercial reasons will be accepted.

From a practical perspective, the residence of individual directors could be a relevant factor. For example, where all or the majority of the individual directors are Hong Kong resident and there are no genuine commercial reasons for holding board meetings overseas, the IRD may contend that such board meetings are only a formality and that the 'central management and control' of the company is actually exercised by the directors in Hong Kong through other means.

QUALIFYING DEBT INSTRUMENTS WITH MATURITIES LESS THAN THREE YEARS

To promote the development of Hong Kong's nascent bond market and to make it easier for companies to raise funds, Mr Tsang recommended in the 2010–11 Budget that qualified debt instruments incentive under section 14A of the IRO (concessionary profits tax rate of 50% of the normal rate of 16.5% ie 8.25%) will be extended to cover mid-term debt instruments with a maturity period of less than three years (currently for mid-term debt instrument issued on or after 5 March 2003, the requirement is applied to the interest income and profits derived from qualifying debt instruments with a maturity period of less than seven years but not less than three years). Further, to better meet market requirements, the Financial Secretary also planned to amend the provisions under the IRO that require such qualifying debt instruments to be issued to the public in Hong Kong.

Under section 20AB of the IRO, a 'non-resident person' is a person who is not a 'resident person', 'resident person' means:

- ▣ for an individual – (i) ordinarily resides in Hong Kong or (ii) stays in Hong Kong for more than 180 days during the relevant year of assessment or more than 300 days in two consecutive years of assessment, one of which is the relevant year of assessment, and
- ▣ for a non-individual entity (like a corporation) – central management and control in Hong Kong. Thus the IRD further clarifies the definition of 'central management and control' as a requirement in order to address the industry's concern about the residency requirement for directors of the management committee of offshore funds in their application for profits tax exemption.

Given the importance of this definition, in his 2010–11 Budget speech, Tsang said that he would instruct the IRD to further clarify the meaning of 'central management and control', as it applies in the context of the exemption for offshore funds⁵.

TO PROMOTE THE DEVELOPMENT OF HONG KONG'S NASCENT BOND MARKET AND TO MAKE IT EASIER FOR COMPANIES TO RAISE FUNDS, MR TSANG RECOMMENDED IN THE 2010-11 BUDGET THAT QUALIFIED DEBT INSTRUMENTS INCENTIVE UNDER SECTION 14A OF THE IRO WILL BE EXTENDED TO COVER MID-TERM DEBT INSTRUMENTS WITH A MATURITY PERIOD OF LESS THAN THREE YEARS.

COST OF REGISTERED TRADEMARKS, COPYRIGHTS AND REGISTERED DESIGNS

Deduction of capital expenditure is not allowed under sections 16(1) and 17(1)(b) of the IRO except specific provisions⁶. At present, capital expenditure incurred on the purchase of patent rights and industrial know-how for use in Hong Kong in the trade for the production of chargeable profits is deductible for profits tax purposes under section 16E of the IRO. However, effective from 18 April 1991, no deduction is allowed if the patent rights or know-how is wholly or partly acquired from an associate. Before 12 March 1992, expenditure incurred on trademarks or design could also be allowed, but since then only patent rights and know-how can be deducted.

In the past two decades, professional bodies and chambers of commerce have continuously lobbied to the Government that Hong Kong should re-introduce the deduction of trademarks as its economy relies very much on the brand names of high-end products to become an international trading centre. As an anti-tax avoidance measure, with effect from 18 April 1991, purchase of patent rights or know-how rights by a Hong Kong subsidiary wholly or partly from an associate is not deductible under section 16E(2A) of the IRO⁷. This device is necessary because the overseas vendor parent company is not chargeable to Hong Kong tax on the profits from the sale of the intellectual property to the Hong Kong subsidiary⁸.

If the whole or part of the cost of the patent rights or rights to know-how has been allowed as a deduction from the assessable profits, then the proceeds not otherwise chargeable to profits tax on the subsequent disposal of such rights are to be treated as a trading receipt. In other words, the sale proceeds of such sale, although capital in nature, are subject to tax. Where only part of the cost of such rights has been allowed, only that part of the proceeds as is attributable to the relevant cost of the patent shall be assessed as a trading receipt. The basis of apportionment of the sale price will again have to depend on the facts of each case. The sale proceeds shall be treated as a trading receipt accruing at the time of sale, or immediately before the discontinuance if the sale occurs after the business has been permanently discontinued.

In the 2010-11 Budget, it is proposed to extend the deduction of capital cost of intellectual property under section 16E of the IRO to cover registered trademarks, copyrights, registered designs, etc. The aim of this measure is to promote the wider application of intellectual property by enterprises and the development of creative and cultural industries – thus promoting Hong Kong as a brand name. With regard to the proposed tax deduction, the IRD will conduct a thorough study of the proposal (including scope of deductions) and submit the Inland Revenue Amendment Bill to the Legislative Council as soon as possible.

EXAMPLE 2

The following example demonstrates the deduction of capital cost of a registered trademark and the taxability of receipt upon its subsequent disposal. At the time of writing, the Bill on the proposed change to the Inland Revenue Ordinance has not yet been seen. In this example, it is assumed the proposed change will be effective from 1 April 2010 (the actual effective date depends on the Bill) and the proposed change is to revise section 16E.

Scenario A:

Purchase of the trademark from non-associate

After the implementation of the tax proposals in the 2010-11 Budget, X Limited purchased a trademark from its competitor in the US at a cost of HK\$5m in May 2010. X Limited's accounting year is ended on 31 December. In July 2013, X Limited sold the trademark to Y Limited, a company incorporated in Hong Kong at a price of HK\$8m.

According to the new tax measure proposed in the 2010-11 Budget, the deduction of trademark cost shall be extended under section 16E of the IRO. The full cost of HK\$5m, for profits tax purposes, can be allowed in X Limited's account for the year of assessment 2010-11. Y Limited is not liable to Hong Kong profits tax. The sale proceeds from the subsequent disposal shall be regarded as trading receipt to X Limited, but only HK\$5m (limited to the cost previously allowed under section 16E) shall be taxable in the year of assessment 2013-14.

Scenario B:

Purchase of the trademark from associate

Same facts as above, except that Y Limited is an associate of X Limited. In this case, X Limited cannot claim the deduction of the trademark cost under section 16E(2A) of the IRO.

As no deduction has been allowed, the sale proceeds from the subsequent disposal shall not be regarded as trading receipt to X Limited.

CAPITAL EXPENDITURE ON ENVIRONMENT-FRIENDLY VEHICLES

Environmental protection and conservation has always been one of the focuses in the recent Policy Addresses and Budget speeches. Effective from 27 June 2008, a 100% profits tax deduction under section 16I(2) of the IRO for capital expenditure on environmentally-friendly machinery and equipment can be allowed in the first year of purchase. At the same time, the depreciation period for qualified environmentally-friendly installation is shortened from 25 years to five years under section 16I(3) of the IRO, namely is deducted equally for five years of assessment⁹. Like section 16E, section 16I for machinery equipment and sections 16J and 16K (for installation) are applied to deal with the deduction of expenditure and taxability of trading receipts and balancing adjustments respectively¹⁰.

To encourage the business sector to purchase more electric vehicles, hybrid vehicles and other environment-friendly commercial vehicles, the Financial Secretary in his 2010–11 Budget proposed to accelerate the tax deduction for capital expenditure on environment-friendly vehicles. Enterprises will be able to enjoy a 100% profits tax deduction in the first year of purchase under the proposal.

The proposed list of specified Environment-friendly Vehicles will be announced when the relevant amendment bill to the IRO is published in the gazette. However, the list and the effective date should only be regarded as final when the relevant ordinance is enacted. Though the relevant bill is not yet available at this time, it is strongly believed that the related framework for the accelerated deduction of environmental-friendly vehicles should be similar to the provisions as contained in section 16I of the IRO.

EXEMPTION OF STAMP DUTY TO TRADING OF ETFs

Under Head 2 of the Stamp Duty Ordinance (SDO) transactions in Hong Kong stock require the preparation of contract notes on which buyers and sellers have each to pay ad valorem duty at the rate of 0.1% of the consideration. Under section 2 of the SDO, 'Hong Kong stock' means stock the transfer of which is required to be registered in Hong Kong. Currently, a stamp duty exemption is available for ETFs with no Hong Kong's stock in their portfolios (eg IShares A50 on the Hong Kong stock exchange). However, trading in ETFs with Hong Kong stocks, regardless of the weightings, are not entitled to this exemption.

In the 2010–11 Budget, Mr Tsang proposed to extend the exemption of stamp duty to cover trading of ETFs that track indices comprising not more than 40% of Hong Kong stocks. The aim of this measure is to reduce the trading cost and promote the diversification and healthy growth of the ETF markets. However, it is argued that this expanded concessionary measure may be of limited effectiveness because most ETFs in the market currently hold more than 40% of Hong Kong stock in their portfolios.

To implement the exemption threshold, the fund industry would like to know the basis to determine the 40% holding in Hong Kong stocks in terms of actual weightings over the reference period under review. Some guidelines are reasonably expected.

STAMP DUTY RATE FOR PROPERTY VALUED MORE THAN HK\$20M

Stamp duty is chargeable for conveyance of immovable property specified in Head 1 of the First Schedule to the SDO. In the 2010–11 Budget, it is proposed that effective from 1 April 2010, the stamp duty rate for property value exceeding HK\$20m shall be subject to a rate of 4.25% (currently 3.75%). The aim is to increase the transaction cost of property speculation so as to reduce the risk of creating a property bubble. At the same time, the purchasers of properties valued more than HK\$20m will not be allowed to defer payment of stamp duty under section 29C of the SDO¹¹.

TABLE 1: STAMP DUTY RATES

Property consideration		2009–10	2010–11
Does not exceed	HK\$2m	HK\$100	HK\$100
Exceeds HK\$ 2m but does not exceed	HK\$3m	1.5%	1.5%
Exceeds HK\$ 3m but does not exceed	HK\$4m	2.25%	2.25%
Exceeds HK\$ 4m but does not exceed	HK\$6m	3.0%	3%
Exceeds HK\$ 6m but does not exceed	HK\$20m	3.75%	3.75%
Exceeds	HK\$20m	3.75%	4.25%

Source: KPMG, *Hong Kong Budget Summary 2010–2011*, 24 February 2010, p7.

The increase of 0.5% from the current rate of 3.75% would serve to increase stamp duty revenue to the Government, provided that it does not significantly affect non-speculative purchasers. Nevertheless, it appears that the increase may be too insignificant to effectively deter speculative property market transactions. As regards no deferral of stamp duty payments for such transactions, the measure would clearly impact speculative purchasers, but it may also inadvertently affect the cash flow of non-speculative purchasers¹².

IT IS REASONABLY EXPECTED THAT THE GOVERNMENT MAY CONTINUE TO STRENGTHEN THE COMPETITIVENESS OF THE EXISTING FOUR PILLAR INDUSTRIES OF FINANCIAL SERVICES, TOURISM, TRADING AND LOGISTICS AND PROFESSIONAL SERVICES AND WILL INTRODUCE MORE TAX INCENTIVES TO THE NEWLY IDENTIFIED SIX INDUSTRIES WITH CLEAR ADVANTAGES, NAMELY EDUCATION SERVICES, MEDICAL SERVICES, TESTING AND CERTIFICATION SERVICES, ENVIRONMENTAL INDUSTRIES, INNOVATION AND TECHNOLOGY AND CULTURAL AND CREATIVE INDUSTRIES.

CONCLUDING REMARKS

As a whole, all these new tax measures together with other social and economic development policies are able to provide a support to the short to medium-term development of Hong Kong. It is reasonably expected that the Government may continue to strengthen the competitiveness of the existing four pillar industries of financial services, tourism, trading and logistics and professional services and will introduce more tax incentives to the newly identified six industries with clear advantages, namely education services, medical services, testing and certification services, environmental industries, innovation and technology and cultural and creative industries. Certainly these new tax developments, in terms of amendments, will be enacted to the IRO and SDO respectively in the near future and students should be alert on their relevance to the existing body of knowledge with a better understanding.

END NOTES

1. Specified transactions:
 - ❑ Schedule 16 of the Inland Revenue Ordinance contains the list of 'specified transactions':
 - a transaction in securities (excluding shares/debentures of a private company)
 - a transaction in future contracts
 - a transaction in foreign exchange contracts
 - a transaction consisting in the making of a deposit other than by way of money-lending business
 - a transaction in foreign currencies
 - a transaction in exchange-trade commodities.
 2. Specified person
 - ❑ under Section 20AC of the IRO, a 'specified person' is defined as:
 - ❑ In relation to a transaction carried out before 1 April 2003:
 - a bank within the meaning of section 2(1) of the Banking Ordinance (Chapter 155)
 - a person registered as a dealer or commodity trading adviser under Part IV of the Commodities Trading Ordinance (Chapter 250) repealed under section 406 of the Securities and Futures Ordinance ('SFO')
 - a person registered as a dealer or an investment adviser under Part VI, or as a securities margin financier under Part XA, of the Securities Ordinance (Chapter 333) repealed under section 406 of the SFO, or
 - a person licensed as a leveraged foreign exchange trader under Part IV of the Leveraged Foreign Exchange Trading Ordinance (Chapter 451) repealed under section 406 of the SFO.
 - ❑ In relation to a transaction carried out on or after 1 April 2003, a corporation licensed or an authorised financial institution registered under the SFO, Chapter 571 for carrying on a business in any regulated activity within the meaning of the SFO.
 3. Under section 20AC of the IRO, a 'non-resident person' who only carries on a trade, profession or business in Hong Kong involving 'specified transactions' (including incidental transactions) through or arranged by 'specified persons' is exempt from profits tax in respect of profits derived from the 'specified transactions'. The exemption also covers profits from transactions incidental to the carrying out of the specified transactions provided that the trading receipts from the incidental transactions do not exceed 5% of the total trading receipts from both the specified transactions and the incidental transactions.
4. See DIPN 43, p4.
5. According to the 2010–11 Budget, the lists of recognised stock exchanges and future exchanges under the IRO will be updated.

6. These specific provisions include:
Section 16B of the IRO provides deduction for expenditure on research and development (formerly scientific research) relates to that trade or business. Deductible expenditure includes payments made to an approved research institute for scientific research as well as capital expenditure on scientific research except those on land or buildings or on alterations, additions or extensions to buildings. In year of assessment 1998–99, the deduction was extended to include expenditure on any systematic, investigative or experimental activities in respect of any feasibility study, or any market, business or management research. Correspondingly, a then new section 16B(3A) was introduced to assess the sale proceeds in respect of any rights in or arising out of research and development expenditure (formerly called as scientific research) as trading receipts.
Commencing from the year of assessment 1996–97, section 16F of the IRO provides deduction for capital expenditure incurred in the production of chargeable profits by a hotel owner or operator on hotel renovation or refurbishment. The deduction is allowed in five equal instalments – the first instalment is allowed in the year in which the expenditure is incurred, and each of the remaining four instalments in the following four years of assessment. With effect from year of assessment 1998–99, section 16F deduction was extended to the renovation or refurbishment to any buildings or structures which are not domestic buildings or structures.
From year of assessment 1998/99 onwards, section 16G provides for the deduction of specified capital expenditure incurred on plant and machinery which is prescribed fixed asset used in the production of chargeable profits. Prescribed fixed assets mean the plant and machinery used specifically and directly for a manufacturing process, computer hardware, computer software and computer systems. Any subsequent disposal may be liable to tax. Any remaining written down value of the old prescribed fixed asset is up to an election for deduction.
7. See DIPN 5 Profits Tax Deductions for Expenditure on – (A) research for expenditure, (B) Technical Education, (C) Patent Rights, etc, (D) Building Refurbishment, (E) Prescribed Fixed Assets (August 2007), p7. As a measure to prevent exploitation, section 16E was amended on 12 March 1992 by the Inland Revenue (Amendment) Ordinance 1992. One amendment was to substitute the term ‘trade mark or design’ by ‘know-how’ so as to restrict the deduction to expenditure on industrial information and techniques on manufacturing of goods. Another amendment was to deny a deduction for transactions between associated parties. The amendments apply to contracts entered into on or after 18 April 1991.
8. Under section 14(1) of the IRO, profits on sale of capital assets are not taxable. Even under sections 15 (1)(b) or 15(1)(ba) of the IRO, they are applied for royalty income received by a non-resident but cannot be applicable to capital receipts.
9. With effect from the year of assessment 2008–09, section 16I of the IRO provides a 100% write-off for environmental protection machinery and equipment; and 20% over five years for environmental protection facilities.
10. For more details of section 16I on environmental protection facilities, see Patrick Ho’s article entitled ‘Profits Tax Treatments of Capital Expenditure on Environmental Protection Facilities’, News Update (Autumn 2009), p12 to 17.
11. In accordance with Head 1 (1A) Agreement for sale in the First Schedule to the SDO, effective from 31 January 1992, for sale and purchase of residential property in Hong Kong, the chargeable instrument is ‘agreement for sale’ (usually the sale and purchase agreement). The stamp duty rates of charge is the same as those under Head 1 (1). It is also required to certify that the transaction does not form part of a larger transaction if stamped below 3.75% or 4.25 (after 1 April 2010). Subsequent conveyance on sale with same terms and between same party is stamped at a fixed duty of HK\$100.
From 1 April 1999, section 29C(11) of the SDO provides that the time of stamping of an agreement for sale can be extended if:
- the Collector is satisfied that the vendor under the agreement is registered as the owner, or that all instruments through which the vendor acquired his rights in the property have been duly stamped, and
 - application is made within 30 days after execution of the agreement.
12. See Yvonne Law’s comments ‘Positive Outlook’, *Accounting and Business*, April 2010, p56–58.

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