

REPUBLIC OF SOMALILAND
STAMP TAX.

Law of Stamp Tax No. 85/96

Date 1996

THE PRESIDENT OF THE REPUBLIC

DECREES
PART 1

GENERAL PROVISIONS

Article 1
Territorial applicability of the tax

The stamp tax shall be charged upon all acts referred to in this act, existing or used in the territory of the Republic of Somaliland.

Article 2
Basis of assessment

1. Stamp tax in respect of the acts referred to in Article 6 shall be charged upon any such acts actually existing or used.
2. Stamp tax in respect of the acts referred to in Article 7 shall be charged on any such act issued in connection with the transfer of ownership or possession of goods, sums of money, securities, stocks, or in connection with transfer of good and securities from or into the territory of the Republic.

Article 3
Persons assessable

1. The fixed stamp tax shall be charged on the physical or juridical persons, whether public or private, which draw up, produce, apply for use the acts referred to in Article 6 of this act.
2. The proportion stamp tax shall be charged on the persons who owe a pecuniary obligation or persons acquiring goods, securities or stocks forming the object of the acts referred to in Article 7 of this act.
3. In any transaction in which the State is a party, the stamp tax, not with-standing any agreement to the contrary, shall always be charged on the other party.

Article 4
Nature of Tax

1. Stamp tax may be fixed or proportional.
2. The fixed tax shall be charged at a single rate upon acts and documents of a specific nature and shall be levied usually on each of such acts and document.

3. The proportional tax shall be calculated on the basis of a fixed percentage of the value of the chargeable act or documents.

Article 5

Modes of Payment of the tax.

1. The stamp tax due on the different types of acts and documents, as specified in the subsequent articles, shall be paid:
 - a) In an ordinary manner, by the use of the watermarked stamp paper referred to in Article 11;
 - b) In an extraordinary manner, by the affixing of stamps or by means of an embossed stamp;
 - c) Virtually, by the payment of the amount of the tax to the Registration and Stamp Tax office or to any other duly authorized office.
2. The Ministry of Finance may authorize the stamp tax to be paid virtually according to procedures fixed in each case.

Article 6

Fixed tax: chargeable acts and documents: rate of tax.

The fixed tax shall be charged, at the rates specified below and in the manner laid down in the preceding article on the following acts and documents:

1. Civil acts

- a) Originals and copies of public deeds, attested by a notary or by another public official authorized to attest such deeds, as well as documents, acts, writings and drawings attached to or included in such deeds; stamp sh sl 100
- b) Originals and copies of private deeds, whether unilateral, bilateral or multilateral, relating to the creation, modification, termination, transfer or acknowledgement of rights of any nature and kind, including bills of lading and consignment notes; stamp sh sl 100
- c) Original and copies of duplicates and abstracts of acts, deeds, writings, documents, registers, books, and similar documents, issued or authenticated or declared to be true copies by any public official; stamp sh sl 100
- d) Originals and copies of promissory notes, receipts regarding merchandise and authorizations to clear goods from general warehouses and bonded warehouses; stamp sh sl 100
- e) Original and copies of protests of bank drafts, duplicates and copies of bank draft and other trade bills, stamp sh sl 100 provided they conform to the original or to a copy on which the proportional tax referred to in the following article has been paid; stamp sh sl 100
- f) Receipt other than those referred to in paragraph 4 of Article 16; stamp paper or stamps: Sh.Sl. 100 per sheet.

2. Administrative acts

- a) Petitions, appeals and relevant memoranda filed through administrative channels and not through court, before any organ of the State or Local Administration sh sl 60
 - a) petitions, appeals and relevant memoranda filed through administrative channels and not through Court, before any organ of the State or Local Administration: stamp sh sl 100
 - b) Original and copies of certificates, testimonials, declarations, minutes attested affidavits, Licenses, permits, authorizations concessions, diplomas, school report, driving licences, issued by State offices and local Administrations or by public bodies in charge of public registers: stamp sh sl 100

_____ stamp paper or stamps: sh sl 100 per sheet.

3. Judicial acts.

- a) Acts and decrees, in Civil and administrative matters, issued by the judicial organs, even in cases of voluntary appearance, including arbitration records stamp paper sh sl 100 per sheet.
- b) Documents, certificates, registers, drawings, accounting records, correspondence, extracts and any written document of any nature and kind produced in civil and administrative suits, including the copies and records sent to the parties in such suits; stamp paper sh sl 100 per sheet
- c) Records concerning the compounding or administrative settlement of fines for a contravention; Sh.Sl. 100 per sheet.
- d) Certificates and acts issued, not in connection with a suit, by the judicial authorities, court registers, court, court officers to other auxiliary personnel of the judicial officer, concerning civil, administrative and penal matters:
_____ stamp paper: Sh. So. 100 per sheet.

4. Acts and document of foreign origin.

Acts and documents of foreign origin which fall into one of the categories referred to in this article. In such cases the tax on these acts shall be paid within fifteen days from the date they entered the territory of the Republic:

_____ stamps: Sh. So. 100 per sheet.

5. Ship's Manifests

- a) inward and outward manifests relating to self-propelled vessels:
_____ stamps or virtual payment: US \$ 200
- b) inward and outward manifests relating to other vessels, including self-propelled dhows:
_____ stamp or virtual payments US \$. 40.

6. Registers and day-books.

- a) Registers maintained by notaries or other public officials in accordance with law:
_____ stamp Sh. SL 100 per sheet;
- b) day-books referred to in article 20 of this legislative decree:
_____ stamp Sh. SL. 100 per each 100 sheets on fraction thereof.

Article 7

Proportional tax: Chargeable value; rate of tax.

1. Proportional tax which may be paid with revenue stamps to bill stamps depending upon the nature of the documents, shall be charged, at the rate of 2.5% on the value of the following documents: with the exception of the payroll stamp tax which shall be charged at the rate of 1%.
 - a) Invoices, paying-in slips, ordinary receipts referred to in article 16, and similar documents, whether signed or not.
 - b) Bills and money orders and other trade bills, of whatever maturity, issued or payable in the national territory;
 - c) Orders in commodities, warrants, when they are separated from certificates of deposit, negotiable commissions and other negotiable credit instruments relating to sums of money;
2. Where the documents referred to in the preceding paragraph are of foreign origin, stamp tax on such document shall be paid within the period of fifteen days starting from the day they entered the national territory.
3. The proportional tax on the documents referred to in the preceding paragraphs shall be inclusive of the tax on receipts, provided the receipt is endorsed on the same paper, or of the tax on endorsement, guarantees and other similar declarations.
4. For the purposes of the application of the proportional tax fractions of hundred shall be rounded off to hundred.

Article 8

Playing cards

1. Stamps tax shall be charged also on the playing cards of dimensions exceeding 32x45 millimetres, to the extent of Sh. SI. 100 for each pack.
2. The tax shall be paid in an extraordinary manner, by affixing the stamp on the ace of hearts for French cards or on other aces for cards of other types.
3. The collection of the tax shall be made by the customs offices at the time of the clearance of the goods through the customs, or by the Registration and Stamp Tax office.

Article 9

Person exempt from tax.

1. Except as otherwise stated in paragraph 3 of Article 3, the State shall be exempt from the tax in respect of all the documents referred to in Articles 6 and 7 which are drawn up, produced, requested or used exclusively in the interest of its political, Legislative, administrative and judicial functions.

2. Public bodies shall be excluded from the exemption referred to in the preceding paragraph.

Article 10

ACTS AND DOCUMENT EXEMPT FROM TAX.

1. The following shall be exempt from the tax:

- a) The documents and contracts relating to the management of legally recognized non-profit charitable institutions.
- b) The exemptions contemplated in this article shall not include the judicial acts referred to in paragraph 3 of Article 6.
- c) Any other documents and contracts exempted by law, as a special case.

Part II

ASCERTAINMENT AND COLLECTION

Chapter 1

Article 11

Characteristics of the Stamp tax

1. The stamp paper shall be watermarked and on each type of paper the amount of tax shall be impressed. Each sheet shall be 30 millimetres long and 425 millimetres wide and shall be lined horizontally and vertically so as to present 25 lines with a margin of one fourth on the right side and one eighth on the left side.
2. The paper for bills and trade bills shall be 105 millimetres long and 250 millimetres wide.
3. The shape, value and other distinctive characters of the stamp paper, paper for bills and revenue stamps shall be established by decree of the Minister of Finance.

Article 12

Conditions relating to the use of the stamp paper.

1. It shall be prohibited to write outside the margin or the lines traced in the stamp paper. Each line shall not exceed 28 syllables, provided that such limit may be exceeded where the total number of syllables in a sheet, divided by the number of lines, equals 28 or less.
2. In the case of documents and writings reproduced by printing, lithography or other similar mechanical means, it shall be permitted to exceed the margin, notwithstanding the provisions of the preceding paragraph, but the number of 28 syllables per line shall remain unchanged and the lines shall not exceed 100 for each paper.
3. The writing of numbers notes on the margins, as prescribed and permitted by law or regulations, shall be allowed.
4. It shall be prohibited:
_____ to write and affix stamps and other printing on the stamp of the stamp paper;

_____ to use any kind of stamps paper the stamp, watermark or size of which are altered;
 _____ to write on the same paper, whether original or copy two or more distinct documents.

Article 13

Executability of bills and drafts.

1. Bills and drafts is including those payable at sight as well as cheques and other documents of foreign origin shall not be executable if they have not been duly stamped.
2. The bearer or holder of such bills or drafts shall not exercise the right relating to the documents if the stamp tax and any relevant administrative penalty have not been paid.
3. The defect in respect of the executability of the document may be declared by the judge even sou motu. The original irregularity in respect of stamp shall deprive the bill of exchange only of its executability, while other rights relating to the document which the bearer may exercise after payment of the tax due on such document shall not be affected.
4. The bill of exchange shall fulfil all the conditions prescribed by the stamp law at the time it is delivered to the payee.

Article 14

Affixing of Stamps and Embossed Stamps.

1. The affixing of stamps in an extraordinary manner shall precede the affixing of any signature, even though cancelled or altered; in respect of registers, repertories and books, the affixing of stamps shall precede any entry.
2. Stamps shall be affixed and cancelled by the Registration and Stamp Tax Office or by the persons concerned Embossed stamps shall be imprinted by the Registration and Stamp Tax Offices designated for the purpose by Minister of Finance.
3. Stamps shall be affixed and cancelled as prescribed below:
 - a) The stamps cancelled by the Registration and Stamp Tax Office may be affixed in any part o the sheet, and shall be cancelled by means of the date stamp o the office. In counterfoil registers, the stamp shall be affixed on each counterfoil near the stub, so that part of the date-stamp used for the cancellation of the stamp is impressed also on the stub;
 - b) The stamps cancelled by the parties concerned, on documents of writings having signatures, shall be affixed at the end of the document or writing and shall be cancelled by at least a signature in ink or coping pencil in such a manner that part of the signature shall appear on each stamp and part on the paper. If the document or writing does not have any signature, the stamp may be affixed in any part of the paper and cancelled with a date perforated imprinted with a copying ink stamp, in such a manner the part of the date shall appear on the paper and part on the stamp.
4. On documents consisting of more than one paper, each one subject to tax, the stamps shall be affixed at the top of the first page of each paper, with the exception of the last paper on which the stamp shall be affixed at the end of the document or writing and shall be cancelled in accordance with the rules laid down in the previous paragraph.
5. Where a document is issued by a State Office, Regional office or District Office, or executed before them, the stamps may be affixed of any part of the paper and cancelled with the office stamp, even without date.

Article 15

Prohibitions Regarding the Affixing of Stamps.

1. No writing, except for the cancellation in the prescribed manner, shall appear on the stamp.
2. It shall also be prohibited:
 - a) To cancel, by cutting in half the stamps used on the counterfoil registers;
 - b) To use incomplete stamps or stamps bearing traces of previous use;
 - c) To affix and cancel the stamp in a way and manner other than the prescribed one;
 - d) To cancel the stamp without extending the date of cancellation on the paper outside the stamp.

Article 16

Ordinary and Extra ordinary Receipts

1. For the purpose of this act, an ordinary receipt means any written statement, even in the form of entry or impressed and non signed stamp, made for partial or full settlement and non signed stamp, made for partial or full settlement for discharging a pecuniary obligation or any settlement, or acknowledgement issued for payment made, in any form, in money or by other means of payment representing money.
2. The ordinary receipts include those relating to gains, rents, etc; the receipts relating to bills of exchange and other trade bill; slips or other similar accounting documents, even though not signed, issued for the receiving of dividends and obligation interest in connection with payment of their remuneration or, in the absence of these, the prospects for the payroll, even though not signed, or the statement certifying the withdrawal of the wage packets or the payment prospect.
3. In the case of collective vouchers, payment prospects, payroll or other similar documents, the receipt tax shall be levied on the amount paid to each creditor.
4. The extraordinary receipts mean the receipts implying settlement of every obligation resulting from previous agreements written or subject to entry with fixed time –limit; or implying discharge from obligations imposed by court as well as the receipts of title and value issued for operations conducted in clearing-house.

Chapter II

Tax Obligations

Article 17

Invoices

1. All transfer of goods among traders, industrialists and retailers shall appear on an appropriate written documents indicating shall appear on appropriate written documents indicating the amount of money representing the return and any other particulars which may identify each transition.
2. The document shall be drawn up by the vendor or by any other person receiving the returns.
3. The traders whose income is derived from retail sales shall be exempt from the above obligation.
4. The invoice, issued according to the above provisions, shall be numbered in progressive and chronological order; this shall be done within three days from the date of their issue or receipt.
5. The numbering shall effected according to the calendar year.

Article 23

Documents to be presented before court or Public office.

1. Documents or writings of whatever kind which do not comply with the conditions prescribed by this act may not be presented before any court or other public office.
2. In these cases, stamp tax shall be charged at the rate in force at the time of the presentation.

CHAPTER III

Compulsory collection and joint responsibility

Article 24

Indemnity

1. When taxes, penalties and surtaxes become due and are not paid for period of ten days, an indemnity equal to 10% of the amount due indemnity.
2. The office may, for good reasons cancel in whole or in part the indemnity.

Article 25

Compulsory Collection.

Upon expiry of the time-limited for payment intimated to the defaulting tax payer, the office shall proceed to compulsory collection in accordance with the provisions contained in the Body of Laws on Direct Taxation.

Article 26

Joint and Several Responsibility

1. All parties who sign, receive, accept or negotiate documents, writings, bills and other negotiable instruments which do not comply with the provisions of this act or transcribe, or mention them in other documents or writings, shall be jointly and severally responsible in case of Violation of this act.
2. With the exception of bills of exchange and other trade bills, the party to whom a document or writing not complying with the provisions of this act is submitted shall be relieved of any responsibility in respect of the violations committed, provided he did not take part in its compilation and provided he submits the document to the Registration and Stamp Tax Office for settlement within fifteen days from the date of receipt and pays the tax.
In this case, the officer of the Registration and Stamp Tax Office shall, ex-officio, make the assessment of the Violation against the offending parties only.

Part III

PENALTIES

CHAPTER 1

VIOLATIONS

Article 27

Evasion of The Stamp Tax.

1. Whoever draws up documents without paying the fixed tax or paying an insufficient tax, shall be liable to administrative fine from Sh. SI. 500 to 2000 for each document.
2. Whoever evades the proportional tax shall be liable to an administrative fine equal to 10 to 20 each times the amount of the tax evaded.
3. In cases where the virtual payment of the tax is allowed, shall be applied:
 - a) For omission to file a declaration, a surtax equal to the amount of the tax;
 - b) For inaccurate declaration, a surtax equal to half the amount of the tax evaded.
4. Whoever evades the stamp tax on playing cards shall be liable to an administration fine from Sh,SI, 1000 to 4000 for each set of cards.

Article 28

Omission to prepare invoice and failure to maintain day-book

1. Whoever does not comply with the procedures for invoicing and self invoicing referred to in Articles 17 and 18, or prepares an incomplete invoice or self-invoice, shall be liable to an administrative fine from Sh.SI. 500 to 2000 for each document.
2. Whoever does not comply with the duty to keep the day-book referred to in Article 20, Paragraph 1, shall be liable to an administration fine from Sh.SI 10,000 to 40,000.
3. In the case of violations relating to the omitted or incomplete numbering of the invoices or of the pages of the day-book, the penalty shall be Sh. SI. 3000 to 12,000 for each day-book not numbered or incompletely numbered.
4. Whoever is bound to keep the day-book and does not enter in it daily the transactions relating to his enterprise or profession shall be liable to an administrative fine from Sh. SI. 10,000 to 40,000.

Article 29

Failure to issue receipt

Whoever does not comply with the procedure for issuing and keeping the receipts referred to in Article 27 shall be liable to an administrative fine from Sh.SI 500 to 2000 for each document and shall in addition pay the fine provided for in paragraph 2 of Article 27.

Article 30

General Penalty

Whoever, apart from the cases provided for in the preceding articles, does not comply with the obligations, prohibitions or conditions prescribed by this act shall be liable to an administration fine from Sh. SI. 250 to 1000 for each violation.

Article 31

Regularization of documents.

1. In the case of documents and writing compiled in violation of the stamp tax, there shall be paid, besides the penalties provided in the preceding articles, the stamp duty evaded or a supplement therefore at the rate in force at the time of ascertaining violation.
2. The regularization of documents and writing not complying with the provisions of this act shall be made only by the Registration and Stamp Tax Offices, which shall indicate on the regularized document the amount of the administrative fine collected.

Article 32

Falsification, Counterfeiting or double use of stamps and paper.

In case of falsification, counterfeiting, alteration or double use of stamps and stamp paper, besides the punishments provided for in the Penal Code, there shall be applied also the administrative fines provided for in Article 27 of this act.

Article 33

Sale and use of used stamps and stamp paper

The punishments provided for in the penal Code in cases of falsification, counterfeiting and alteration of stamps and stamp paper shall be applicable to anyone who retains, for purposes of sale, or uses, or sells previously used stamps or stamps paper.

CHAPTER II

Ascertainment of violations.

Article 34

Application of Penalties

The application of penalties shall be regulated by the provisions of the investigation and suppression of violation of financial laws.

Article 35

Organs competent to ascertain violations

The duty to ascertain the violations referred to in this act shall be on the members of the Police and the officials of the Ministry of Finance, who shall be issued a special identity card, as well as on the officials and employees of the Registration and Stamp Tax Office and the officials of the Regional Revenue Offices, who shall ascertain violations only within the territorial Jurisdiction of their respective offices and sections.

Article 36

Obligation to produce books and documents.

1. Whoever, in conformity with Article 17, 18, 19 and 20 of this act or with other laws or regulations, has the duty to keep books or regulations has the duty to keep books or regulations, has the duty to keep books or stamped registers or to keep documents subject to stamp tax, and all physical and juridical persons exercising industrial, commercial or professional activities from which they derive any

- income, shall. At the request of the competent organs, produce the books, registers, documents and other writing pertaining to their activities or functions.
2. The obligation referred to in the preceding paragraph shall apply to documents and writings held by lawyers, attorneys, technical advisers, notaries, Physicians and surgeons, chemists and nurses or any other person exercising a medical profession provided the such documents refer to matters for which under the Criminal Procedure Code, these persons would have had the right to abstain from testifying.
 3. Notaries shall, however be obliged to produce public documents and private authenticated writings with the exception of documents relating to secret wills and records relating to the deposit of will on holograph.
 4. the right of examining and verifying shall not be limited and shall apply not only to books, registers and documents subject to stamp tax, but also to any other document kept at the office or place intended for trade purpose and the party concerned shall not have the right to submit papers and documents for verification at his discretion.

Article 37

Document to be attached to the records.

1. The violations shall be ascertained through records which shall be attached to the documents, books and registers proving such violations.
2. Where the documents, writing or registers cannot, for any reason, be attached to the records, such circumstance shall be indicated in the records.

Article 38

RIGHT OF TAXPAYERS TO KEEP DOCUMENTS

1. Whoever intends to keep documents, books and registers, which should have been attached to the record of ascertainment shall deposit with Registration and Stamp Tax Office a sum equal of the amount of the tax and to the minimum punishment established by law for the violation relating to each document so kept.
2. The Registration and Stamp Tax Office shall cause such deposit to be mentioned in the records.
3. The taxpayer shall keep unaltered and submit at the request of the document organs or of the judicial authorities the documents, books and registers kept in accordance with the provisions of the preceding of the preceding paragraphs. Where such documents are not submitted or are altered, the taxpayer shall be liable to a crime, in which case the provisions of the penal Code shall apply.

Part IV

TRANSITIONAL AN FINAL PROVISIONS

Article 39

Sales of stamps and stamp paper and premium

1. Stamp and stamp paper may be sold to the public only by physical or juridical person or by offices authorized by decree of the Minister of Finance.
Such persons and offices shall be entitled to the following premiums:-

- a) retailers not belonging to administrative offices of the state Sh.SI. 2 percent;
 - b) retailers belonging to administrative offices of the state Sh.SI. 0,50 percent
2. The persons authorized to sell stamp and stamp papers to the public shall keep permanently the stock established by the decree of authorization and shall meet entirely the requests for purchases of stamp and stamp paper by the Public without delay and within the limits of the said stock. Where this provision is not complied with, the penalty provided for in Article 30 of this Act shall be imposed.
 3. the registration and Stamp Tax offices shall be authorized to deduct the premium from the tax paid in by retailers upon issuance of receipt to be attached to the monthly returns.

Article 40

Supplementary stamps of existing stamp paper

Stamp paper, excluding bill stamp papers, form, registers, already stamped in an extraordinary manner, which on the date of entry into force of this act are unused or, if used, have blank pages, and for which a tax has been paid lower than that prescribed in Article 6 and 7 of this act may be regularized by means of supplementary stamps to be affixed and cancelled by the parties concerned.

Article 41

Limitation

1. A suit by the State for the recovery of taxes and penalties provided for in this act shall not be maintained if brought later than five years from the day on which the tax should have been paid.
2. The laps of the right of the State collect taxes and penalties shall not authorize the use or production of documents and writings in violation of this act, unless the tax is actually paid.

Article 42

Official secrecy

The members of the Tax Police and the officials and employees referred to in article 35 shall be bound to official secrecy in respect of the contents of any document examined in the exercise of their functions.

Article 43

Entry into force.

This act shall enter into force on the day following the date of its official promulgation. This act shall be included the official compilation of laws and Decrees of the Somaliland Republic.
All persons shall be required to observe it as law of the State.