



**Domestic Companies:
Transfer of Shares**



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This brochure provides an overview of the procedure for effecting a transfer of shares under the Companies Act of 1994. It is not intended to serve as a definitive guide and should be read together with the applicable legislation.

How may shares in a company be transferred?

Shares in a company be transferred by a written instrument of transfer, signed by the transferor and naming the transferee and co-signed by the Registrar of Companies.

Is there a prescribed form for share transfer?

No, a document sufficiently identifying the shares being transferred and the consideration for the transfer, if any, will suffice.

How much stamp duty is payable on transfers of shares?

Where real property accounts for less than 50% of a company's assets or a company holds no real estate, the rate of stamp duty is as follows: (Item 22 of the Schedule to the Stamp Duty Act Cap 440 is instructive).

(a) On sale –

Where the amount or value of the consideration for the sale is:

- less than \$25.....6 cents
- more than \$25 but less than \$50.....15 cents
- more than \$50 but less than \$100.....30 cents
- more than \$100 but less than \$200.....50 cents
- more than \$200 but less than \$300.....75 cents
- more than \$300 but less than \$500.....\$1.50
- more than \$500 For every \$500 or fractional part thereof, \$1.50

(b) By way of security, the same rates of duty as on a mortgage

(c) By way of a gift.....\$5.00

(d) By devise to a beneficiary under a will as specific or residuary legatee or transmission to a party entitled on intestacy50 cents

(e) In any other case\$2.00

Where 50% or more of the assets of a company is comprised of real property, the stamp duty payable on a transfer of shares is 10% of the value of the consideration or transfer on sale, of which 5% is to

be paid by the transferor and transferee respectively (Item 23 of the Schedule to the Stamp Duty Act Cap 440). The 'value' for this purpose is estimated to be the price which in the opinion of the Registrar such property would realize if sold on the open market at the time when the conveyance or transfer takes place.

What is the procedure for having the Share Transfer Instrument Registered?

This instrument must be signed by the transferor and the transferee. Both signatures must be witnessed by a competent person. The instrument must be submitted with:

1. A directors declaration,
2. A valuation of the shares and
3. Any necessary stamp duty.

Where stamp duty is paid, the share transfer instrument is in order and all necessary documents have been submitted, the Registrar may endorse the Share Transfer Instrument.

Kindly note that stamp duty is payable by external companies whether same was already paid in its country of original jurisdiction.

After stamp duty has been paid, the instrument, accompanied by payment, must be submitted to CIPO for signature by the Registrar of Companies pursuant to S.195 of the Companies Act (as amended). Section 195(1)(a) states that the Registrar of Companies "shall not sign any instrument of transfer ... unless stamp duty has been paid on the said instrument of transfer in accordance with S.3 of the Stamp Act". Where the Registrar is satisfied that the applicable stamp duty has been paid, a certificate of compliance will be endorsed on the instrument.

What happens if the Registrar has reason to doubt the declared value of the shares?

Where this occurs, the value of the shares for the purpose of Item 23 of the Schedule to s.3 of the Stamp Act shall be estimated to be the price which in the opinion of the Registrar such property would realise if sold in the open market at the time when the conveyance or transfer takes place.

In determining the value of shares, the Registrar may require the person seeking to have the transfer registered to submit particulars of valuation for the purpose of determining whether the consideration stated in the instrument of transfer reflects the fair market value of the shares being transferred. These particulars must be exhibited to the above-mentioned declaration. If dissatisfied with the particulars submitted, the Registrar may cause a valuation to be made by the Commissioner of Estate Duties and assess duty on the basis of that valuation.

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