

# Change in Stamp duty rates and Registration fees in Tamil Nadu - w.e.f 10 July 2023

## 1. Background

The Tamil Nadu stamp and registration department has vide press release no. 1337 dated 08 July 2023, increased the registration fees and stamp duty for services provided by the department under the Registration Act 1908. The said changes are effected after a gap of 20 years.

The change in rates of stamp duty and registration charges started from the recent budget tabled by the Tamil Nadu Government on 20<sup>th</sup> March 2023, wherein proposals were made to lower the registration fees on conveyance of properties to 2% in place of 4% previously. Simultaneously, the guideline value which was prevalent during the period 2012 to 2017 was restored, resulting in an increase in guideline value by 50% eventually leading to increase in stamp duty and registration cost in the hands of buyer of the immovable property.

**Section 78** of the Registration Act, 1908 empowers the state government to decide/ modify the table of fees payable upon certain services such as registration of documents, searching the registers, for filing translations and such other matters that the state government finds necessary to be registered.

The major amendments in the stamp duty and registration fee rates vide the press release include change in registration fee from INR 10,000 to 1% of market value of property in case of entering into a power of attorney ('POA') with a non-family member, increase in registration fee from 1% of the construction cost to 3% for entering into a construction agreement, increase in maximum cap on registration fee from INR 4,000 to INR 10,000 for settlement, partition, and release documents entered between family members and increase in maximum cap on stamp duty for the same from INR 25,000 to INR 40,000 etc. These amendments shall have an impact on the real estate transaction due to substantial increase in the costs.

In this article, we have analysed the change in stamp rates and registration fees for certain vital documents and the impact of the same while undertaking the said transaction.

## 2. Key highlights of the amendment

### **2.1 Changes in duty and fees on key transactions/ instruments**

- The amended stamp duty rates and registration fees are as follows:

Particulars	Existing stamp duty	Revised stamp duty	Existing registration fee	Revised registration fee
<b>1. Power of attorney ('POA')</b>				
- In favour of family member	INR 100	No Change	INR 1,000	INR 2,000
- In favour of non-family member	INR 100	No Change	INR 10,000	1% of market value of property
- Granted for consideration	4% of consideration	No Change	1% of consideration	INR 2,000 or 1% of consideration or 1% of market value whichever is higher

Particulars	Existing stamp duty	Revised stamp duty	Existing registration fee	Revised registration fee
<b><u>Impact on the developer/ POA holder:</u></b>				
<p>While there is no change in the stamp duty levied on entering of power of attorney, the registration charges have been modified as a percentage on the market value of the property. This shall have a huge cost on the developer obtaining land from a landowner for development purposes.</p> <p>Earlier, the POA (without consideration) was registered at a maximum of INR 10,000 (irrespective of the value of property), the same would now cost around INR 1 crore assuming the land value is INR 100 crores. This would result in significant cash outflow at the beginning of a project for a developer.</p>				
<b>2. Construction agreement</b>				
- Entered by a promoter/ builder with the buyer	1% of the value of construction or 1% of the consideration whichever is higher	No Change	1% of construction value or cost of construction or consideration, whichever is higher	3% of construction value or cost of construction or consideration, whichever is higher
<b><u>Impact on the customer:</u></b>				
<p>The Construction agreement plays a crucial role in ensuring a secure and transparent property acquisition process. In Tamil Nadu, registration of construction agreement is mandatory, even before the enactment of RERA. The charges earlier included were 1% stamp duty and 1% registration fees. The above amendment seeks to increase the registration charges by 2% for entering into a construction agreement resulting in an overall cost of 4% of the construction value. This would increase the cost in the hands of every customer purchasing a real estate apartment in Tamil Nadu.</p>				
<b>3. Partition deed (within family)</b>				
Partition deed is entered when co-owners sever their common right and divide or agree to divide a property and includes a final order by the revenue authority/ civil court.	1% of the market value subject to a maximum of INR 25,000 per share	1% on the market value subject to a maximum of INR 40,000 per share	1% of the market value subject to a maximum of INR 4,000 per share	1% of the market value subject to a maximum of INR 10,000 per share
<b>4. Release deed (including family release)</b>				
Release deed is entered when any person renounces a claim upon another person or against any specified property.	1% of the market value subject to a maximum of INR 25,000	1% on the market value subject to a maximum of INR 40,000	1% of the market value subject to a maximum of INR 4,000	1% of the market value subject to a maximum of INR 10,000
<b>5. Settlement deed (within family)</b>				
Settlement deed means any non-testamentary disposition of property in writing.	1% of the market value subject to a maximum of INR 25,000	1% on the market value subject to a maximum of INR 40,000	1% of the market value subject to a maximum of INR 4,000	1% of the market value subject to a maximum of INR 10,000

Particulars	Existing stamp duty	Revised stamp duty	Existing registration fee	Revised registration fee
<b><u>Impact on the above transactions:</u></b>				
<p>There is an increase in maximum cap upto which stamp duty and registration charges shall be levied on the above articles. Prior to the amendment, the maximum cost of stamp duty and registration charges for a settlement within family members was Rs. 29,000, which has been increased to Rs. 50,000 (i.e., increase by 72% approx.)</p> <p>Family for purpose of all the three articles mentioned above means father, mother, husband, wife, son, daughter, grandchild, brother or sister.</p>				
<b>6. Dissolution of partnership (within family)</b>				
Dissolution of partnership involves partition of movable/ immovable properties of the firm among the partners.	1% of the market value subject to a maximum of INR 25,000 per share.	1% on the market value subject to a maximum of INR 40,000 per share.	1% of the market value subject to a maximum of INR 4,000 per share.	1% of the market value subject to a maximum of INR 10,000 per share.
<b><u>Impact on the firm/ partners:</u></b>				
<p>A deed of dissolution in general is not required to be registered compulsorily under the Tamil Nadu Registration Act, 1908 as it does not amount to transfer. However, the same needs to be stamped in order to make the same admissible as evidence in the court of law.</p> <p>The cost of stamp duty payable at the time of formation of partnership continues to be the same i.e., INR 300 as per Article 46A of the Indian Stamp Act, 1899 (as in force in the state of Tamil Nadu).</p> <p>However, the cost of stamping in case of dissolution of partnership (within family) based on the above amendment is increased by INR 15,000 and the cost of registration has been increased by INR 6,000.</p> <p>Kindly note that dissolution of partnership by non-family members continues to be stamped at 8%<sup>1</sup> of the market value of property (situated within the specified jurisdiction) dealt with in such deed of dissolution. Further, stamp duty on release of right in favour of a partner by another partner is unaltered.</p>				
<b>6. Lease</b>				
- Less than 30 years	1% of the final Amount of premium, rent, and fine.	No Change	1% (on rent, advance, etc.,) subject to a maximum of INR 20,000	1% (on rent, advance, etc.,) subject to a maximum of INR 40,000
- 30 years – 99 years	4% of the final Amount of premium, rent, and fine.			
- More than 99 years	7% of the final Amount of premium, rent, and fine.			
<b><u>Impact on the lessee:</u></b>				
While there is no change in stamp duty on lease of properties, the registration charges (maximum cap) have been doubled from the existing cap of INR 20,000 to INR 40,000.				

<sup>1</sup> Stamp duty was reduced from 13% to 8% vide G.O. Ms. No. 177/ CT dated 20 November 2003.

## 2.2 Change in rate for other instruments:

- The following is the summary of changes made in other instruments:

Nature of instrument	Existing stamp duty	Revised stamp duty	Existing registration fee	Revised registration fee
Sale Certificate:				
- Issued by Court or Government Revenue Officer	8% on market value of the property	No Change	1% on auction price	2% on auction price
- Issued by Bank officer or Official Liquidator for the purpose of filing in his office.	Not applicable		2% on the market value	4% on market value
Deposit of title deeds	0.5% of the value of the loan (maximum Rs. 30,000/-).	No Change	1% on amount secured (maximum of INR 6,000/-)	1% on amount secured (maximum of INR 8,000/-)
Mortgage without possession	1% on amount secured (maximum of INR 40,000/-)	1% on amount secured (maximum of INR 50,000/-)	1% on amount secured (maximum of INR 10,000/-)	1% on amount secured (maximum of INR 15,000/-)
Further Charge- Instrument of any instrument imposing a further charge on mortgaged property				
Security Bond	INR 80/-	No Change	1% on amount secured (maximum of INR 10,000/-)	1% on amount secured (maximum of INR 15,000/-)
Document in which the transaction is not susceptible of money valuation	Not applicable		INR 100/-	INR 1,000/-
Upon a document purporting to give a collateral or auxiliary	Not applicable		Max. INR 10/-	Max. INR 100/-
Document acknowledging receipt of payment of consideration	Not applicable		INR 20/-	INR 200/-
Duplicate or counterpart of a document	Not applicable		INR 20/-	INR 100/-
If claimant/ beneficiary is a single person, (except lease & agreement)	Not applicable		Nil	Additional Fees of INR 5,000/-
Mere Rectification not falling under Section 47B	Not applicable		INR 10/-	INR 500/-
Supplemental or ratification deed falling under Section 4 of the Indian Stamp Act 1899	Not applicable		INR 10/-	INR 500/-
Deed of cancellation or revocation	Not applicable		INR 50/-	INR 500/-
Computer fee	Not applicable		INR 100/-	INR 200/-
Document Scanning fee	Not applicable		INR 15/- for every page more than first 10 pages	INR 100/- for every page more than first 10 pages
Memo fees	Not applicable		INR 10/-	INR 100/-

Nature of instrument	Existing stamp duty	Revised stamp duty	Existing registration fee	Revised registration fee
Opening a sealed cover and entering the contents in the Register	Not applicable	Not applicable	INR 50/-	INR 200/-
Deposit of a sealed cover purporting to contain a will	Not applicable	Not applicable	INR 200/-	INR 2,000/-
Withdrawal of any such sealed cover	Not applicable	Not applicable	INR 50/-	INR 500/-
Attesting Powers of Attorney	Not applicable	Not applicable	INR 20/-	INR 500/-
For every attendance at a private residence	Not applicable	Not applicable	INR 200/-	INR 1,000/-
Safe custody of any document or a Power of-Attorney which remains unclaimed for ten days after registration of the document	Not applicable	Not applicable	INR 1/- subject to a max of INR 10/-	INR 10/- Subject to a max of INR 100/-
Appeal and Application under section 72 and sec 73, enquiry under 74, 35(3)	Not applicable	Not applicable	INR 1000/-	INR 500/-
Filing special Power-of Attorney produced with or in connection with a document presented for registration Rules 46(i) and (iii)	Not applicable	Not applicable	INR 10/-	INR 100/-
For each petition presented to a Registering Officer for protesting, withdrawal or complete or partial refusal to register a document	Not applicable	Not applicable	INR 20/-	INR 100/-
Holiday registration, deposit of sealed cover, attestation of power of attorney	Not applicable	Not applicable	INR 200/-	INR 1,000/-

### 3. Our comments:

- The aforesaid amendments are applicable for any transaction done with effect from 10 July 2023.
- The increase in registration fee for registration of a POA has come up to reduce/ eliminate the process of entering into opaque transactions using the POA as a tool to transfer certain high value properties. This would mostly affect the transactions entered by a land owner and developer in cases of joint venture agreement or joint development agreement.
- Increase in registration fee for construction agreement by 2% would substantially increase the cost for buyer in case of residential apartments.

Contact us at:

**M2K Advisors LLP**

7th Floor, Briley One,  
No. 30/ 64 Ethiraj Salai, Egmore,  
Chennai – 600 008, Tamil Nadu, India  
[mukesh@m2k.co.in](mailto:mukesh@m2k.co.in), [vivek@m2k.co.in](mailto:vivek@m2k.co.in),  
[knowledge@m2k.co.in](mailto:knowledge@m2k.co.in)

The views contained in this article are intended for general guidance only and should not be considered as an advice or opinion. We do not accept any responsibility for loss occasioned to any person acting as a result of any material in this note. Please refer to your advisors for specific advice.