

# Revised Stamp Duty and Registration Fees for Apartments - w.e.f 1 December 2023

## 1. Background

The Tamil Nadu stamp and registration department, vide Press release no. 2332 dated 23 November 2023 and circular<sup>1</sup> dated 1<sup>st</sup> December 2023 has announced a significant change regarding the registration process and the revised guideline value for computing stamp taxes for apartments in Tamil Nadu.

Across years, the registration process in Tamil Nadu necessitated two separate documents/ agreements for purchase of apartments during the first sale by the developer: one for the purchase of undivided portion of land and another for the construction services provided by the builder/ developer.

In contrast, some states consolidate the value of both land and building in determining the apartment's value for computation of stamp duty and registration fees. To align with the practice of other states, the Tamil Nadu government has modified the regulations. The key summary of the changes and impact of the amendment has been lucidly explained in this article.

## 2. Key highlights of the amendment

Prior to July 2023, stamp duty at the rate of 7% and registration fees at the rate of 2% were levied on the guideline value of the land (unless the consideration for land is agreed at a higher value in the sale agreement) and stamp duty at the rate of 1% and registration charges at the rate of 1% were levied on the value of building as mentioned in the construction contract with the developer. However, with effect from July 10, 2023, the registration fee was increased from 1% to 3% on construction agreements. In short, the stamp duty rate applicable on land was higher than on the building.

The amendment vide Press release no 2332 dated 23 November 2023 seeks to extend the levy of 9% stamp duty (incl registration charges) to buildings as well, with certain exceptions/ thresholds. In other words, the stamp duty would henceforth be payable on the composite value of the unit as against land and building separately.

The revised stamp duty and registration fees are enumerated below:

S No	Combined Value of property (land + building)	Revised stamp duty	Revised registration fee
1	Upto INR 50 Lakhs	4% of the guideline value	2% of the guideline value
2	INR 50 Lakhs upto INR 3 Crs	5% of the guideline value	
3	More than INR 3 Crs	7% of the guideline value	

<sup>1</sup> Circular No.7524/E1/2023-3 dated 01/12/2023

The impact of the above amendment has been explained in the below table with 3 illustrations:

- a) Combined value of the property - INR 40 Lakhs
- b) Combined value of the property - INR 2 Crores
- c) Combined value of the property - INR 5 Crores

We have assumed that 40% of the property value constitutes value of the land.

Particulars	Stamp duty		Registration fees		Increase/ (decrease)
	Before amendment	Post amendment	Before amendment	Post amendment	
Scenario 1 – Combined value of property is INR 40 lakhs					
For Land	INR 1.12 lakhs	INR 1.6 lakhs	INR 0.32 lakhs	INR 0.8 lakhs	Nil
For building	INR 0.24 lakhs		INR 0.72 lakhs		
Total cost	INR 1.36 lakhs	INR 1.60 lakhs	INR 1.04 lakhs	INR 0.8 lakh	0%
Scenario 2 – Combined value of property is INR 2 crores					
For Land	INR 5.6 lakhs	INR 10 lakhs	INR 1.6 lakhs	INR 4 lakhs	INR 2 lakhs
For building	INR 1.2 lakhs		INR 3.6 lakhs		
Total Cost	INR 6.8 lakhs	INR 10 lakhs	INR 5.2 lakhs	INR 4 lakhs	16.67%
Scenario 3 – Combined value of property is INR 5 crores					
For Land	INR 14 lakhs	INR 35 lakhs	INR 4 lakhs	INR 10 lakhs	INR 15 lakhs
For building	INR 3 lakhs		INR 9 lakhs		
Total Cost	INR 17 lakhs	INR 35 lakhs	INR 13 lakhs	INR 10 lakhs	50%

Further, the recent circular dated 1 December 2023 prescribes guideline value for buildings so as to have a uniform value for buildings. The guideline value for apartments situated in Chennai central as issued by the Government is provided in **Annexure 1**.

### 3. Our comments

- The above amendments have resulted in significant increase in stamp duty cost for the buyer of apartments which will result in increase in overall cost of the apartments. Hence it will have significant impact on the developers and the real estate market in general.
- In some of the areas, the guideline value prescribed by the above circular is significantly higher than the ongoing market price resulting in a significant additional burden of stamp duty on the customer.
- Whether the guideline value prescribed by the circular dated 1 December 2023 is applicable only on the first sale by the developer or will it be extended on subsequent sale also? Will the buyer get any benefit of depreciation on the second-hand purchase of used apartment? It is imperative that the Government clarifies on these queries to avoid any ambiguity.
- The aforesaid increase in the guideline value would also have an impact on other laws such as Income tax and Goods and Service Tax especially in a situation where the consideration agreed between the parties is lower than the guideline value prescribed.

**Annexure -1 – Prescribed guideline value for Chennai (Central)**

S. No	SRO	Village Name	Basic Composite Value (Rs. Per Sq. ft)	Premium <sup>3</sup> Composite Value (Rs. Per Sq. ft)	Ultra-Premium <sup>4</sup> Composite Value (Rs. Per Sq. ft)
1	Joint -I	Teynampet	16,000	18,000	22,000
2	Triplicane	Triplicane	10,000	14,000	20,000
3	Mylapore	Mylapore	16,000	18,000	22,000
4	Joint-II	Nungambakkam	15,000	17,000	20,000
5	Periamet	Chindadripet	7,000	11,000	13,000
6	Periamet	Egmore	11,000	15,000	19,000
7	Periamet	Vepery	8,000	12,000	15,000
8	Ashok Nagar	Kodambakkam	9,000	12,000	15,000
9	Purasaiwalkam	Perambur	7,000	10,000	13,000
10	Purasaiwalkam	Purasaiwalkam	11,000	13,000	15,000
11	Kodambakam	Puliyur	10,000	12,000	15,000
12	Kodambakam	Vadaagaram	8,000	9,000	12,000
13	Kodambakam	Arumbakkam	8,000	10,000	12,000
14	Villivakkam	Villivakkam	11,000	13,000	15,000
15	Villivakkam	Padi	9,000	11,000	13,000
16	Villivakkam	Korattur	8,000	11,000	13,000
17	Villivakkam	Nolambur	14,000	18,000	21,000
18	Anna Nagar	Thirumangalam	14,000	18,000	21,000
19	Anna Nagar	Koyambedu	14,000	18,000	21,000
20	Anna Nagar	Naduvakarai	14,000	18,000	21,000
21	Anna Nagar	Chinnakudal	14,000	18,000	21,000
22	Anna Nagar	Periyakudal	14,000	18,000	21,000
23	Anna Nagar	Mullam	14,000	18,000	21,000
24	Anna Nagar	Ayanavaram	10,000	13,000	15,000
25	Anna Nagar	Aminjikarai	9,000	11,000	14,000

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<sup>3</sup> Premium apartments are those which consist of swimming pool & clubhouse etc.

<sup>4</sup> Ultra-Premium apartments are those which has more amenities.