

## Revision of stamp duty payable on conveyance deeds relating to first sale of flats/apartments

The Government of Tamil Nadu (“GoTN”) vide its notification<sup>1</sup> dated December 1, 2023, has decided to revise the applicable stamp duty in relation to first sale of flats and apartments in the state of Tamil Nadu. This note sets out the present position and the changes brought by the GoTN.

### Present Position

Earlier, in relation to the first sale of any apartment/flat, the allottees/purchasers will acquire the undivided share in the underlying land by way of a sale deed and the superstructures/built-up area will be acquired by way of a construction agreement. The stamp duty payable on the sale deed is 7% of the market value of the land and the stamp duty payable on the construction agreement is 1% of the construction cost.

### Revised Position

The GoTN has now decided to dispense with the practice of registering the sale deed for Undivided Share of land and construction agreement by 2 (two) different instruments. Accordingly:

1. a composite value for the underlying land and the superstructures will be provided by the Valuation Committee;
2. the title to the underlying undivided share of land and the superstructures will be conveyed by way of a single instrument *i.e.*, a sale deed which will contain both the description of the undivided share of the underlying land and the description of the super built-up area of the apartment/flats;
3. The stamp duty payable on such instruments is levied in proportion to the composite value of the flat/apartment in the manner tabulated below:

Composite Value of the flat/apartment (in INR)	Stamp Duty Payable	Transfer duty payable	Registration charges payable	Total payable
Below 50 lakhs	2.86%	1.144%	2%	6%
50 lakhs to 3 crores	3.575%	1.43%	2%	7%

<sup>1</sup> G.O.(Ms.) No. 131

<b>Above 3 crores</b>	5%	2%	2%	9%
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This revised stamp duty is applicable only in relation to the first sale of apartments/flats and the same will not apply to second sales.

## Real Estate Practice

JSA is widely recognised as having one of the premier Real Estate Practices in India, and it is one of the most sophisticated & highly diversified commercial Real Estate practices, led by knowledgeable and experienced Real Estate experts at each of our offices in Gurugram, New Delhi, Mumbai, Bangalore and Hyderabad and Chennai. Our clients use our services for some very challenging and complex Real Estate transactions, which require thoughtful and practical advice.

Our clients comprise a broad cross-section of Indian and International, Institutional & private entities, including Developers, Real Estate advisers, Banks, Real Estate Funds, high net worth Investors, Governments, Major Retailers, Hotel owners & operators and others.

We are primarily involved in legal and regulatory issues for various types of Real Estate projects, including in relation to construction and development of hotels, malls, residential & commercial complexes, warehouses, IT & Industrial Parks and Special Economic Zones.

We have been involved in conducting legal due diligence in relation to such projects and have drafted/ reviewed various types of documents including transaction documents such as (a) Shareholders/ Subscription/ Share Purchase Agreements; (b) Development Agreements; (c) Joint Venture Agreements and other related documents/ agreements.

During the course of our practice, we have also been involved in the drafting/ reviewing of (a) Agreements for Sale; (b) Conveyance Deeds; and (c) Lease Deeds.









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