A MANUAL FOR REGISTRATION AND BUILDING APPROVAL

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ABSTRACT

The second largest business in the world is Civil Engineering. People live in houses constructed by civil engineers. Civil Engineering is the vast area; hence knowing all the departments in detail is not at all possible. This paper covers the basic knowledge of registration process, building approval, documents to be checked, stamp duty, registration fees, planning permission, FSI that all the people need to know before purchasing. This paper helps the people to know the procedures of the land purchase.

Keywords: - *Registration, land approval, Planning Permission, Stamp duty*

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1. INTRODUCTION

Getting possession of a property is great, but you will not own it as long as do not register in your name. It is also important to note that registering a property is mandatory by law. It not only reduces the risk of fraud and protects you against title disputes, but is also a must during change in ownership. In fact, in a 2011 ruling, the supreme court said that all property sales will be considered invalid unless the sale deed was duly stamped and registered.

1.1 Registration

Land or Building is registered to document changes in ownership and transaction involved in immovable properties. Whenever you buy a land or immovable property, you need to register the same with the authority concerned, so that a legal ownership title is guaranteed to you

1.2 Registration Procedure

To Register the land or building should make a Sale Deed (documentation) containing the detail of buyer, seller, property details and conditions (if any) should drafted in the document, and to be Registered in sub-register office, by making the payment of stamp duty fee and Registration fee. Depending on the type of Registration, the fee varies.

1.3 Documents required for Registration

Tamil Nadu Value Added Tax Act

- Form –A – Application for Registration
- Form –B – Application for Partnership
- Form –E – Declaration form for Manager
- Form –F – Security Bond
- Rental Agreement for Principal / Additional place of business
- Address proof for Principal / Additional place of business viz., EB Card, Property Tax Receipt
- Proof for Residential Address – for Proprietor, Partners / Directors viz., Ration card, Voter ID, PAN (individual)
- Introduction letter from two respectable person / business in the applicant’s area.
- Registration Fees – Rs.500/- Demand draft in favour of the Head of Assessment Circle.

- Fees for Additional place of business – each Rs.50/- Demand draft in favour of the Head of Assessment Circle.
- Passport size photo of the Proprietor / Partners / Director – 5 copies
- Self-Addressed Envelope – affixed with Rs.35/- postal stamp

Table -1: Details of stamp duty & Registration fee

Categories of Document	Stamp Duty	Regn Fee
1. Conveyance (Sale)	7% on the market value of the property	1% of the property.
2. Gift		
3. Exchange	7% on the marke value of the greater value.	
4. Simple Mortgage	1% (on the loan amount) subject to a maximum of Rs40,000/-	1% on loan amount subject to a maximum of Rs.10,000/-
5. Mortgage with possession	4% on loan amount	1% subject to the maximum of Rs.2,00,000/-
6. Agreement to Sale	Rs.20	1% on the money advanced(1% on total consideration if possession is given)
7. Cancellation	Rs.50	Rs.50
8. Partition		
i) Partition among family members	1% on the market value of the property but not exceeding Rs.10000/- for each share	1% subject to a maximum of Rs.2000/- for each share.
ii) Partition among nonfamily members	4% on the market value of the property for separated shares	1% on the market value of the property for separated shares
9. Power of Attorney		
i) General Power of Attorney to SELL the immovable property	Rs. 100	Rs.10,000
ii) General Power of Attorney to SELL the movable property & for other purposes	Rs. 100	Rs.50
iii) General Power of Attorney given for consideration	4% on Consideration	1% on Consideration
10. Settlement		
i)In favour of family members	1% On the market value of the property but not exceeding Rs.10000/-	1% on the market value of the property subject to a maximum of Rs.2000/-
ii) Other Cases	8% on the market value of the property	1% on the Market Value

11. Partnership deed		
i) where the capital doest not exceed Rs.500	Rs. 50	1% on the Capital invested
ii) Other Cases	Rs. 300	
12.Deposit of Title Deed	0.5% on loan amount subject to a maximum of Rs.25000/-	1% on loan amount subject to a maximum of Rs 5000/-
13 Release		
i) Release among family members (co - parcenars)	1% on the market value of the property but not exceeding Rs.10000/-	1% on the market value of the property subject to a maximum of Rs.2000/-
ii) Release among non family members (co - owner & benami release)	8% on the market value of the property	1% on the market value of the property
14 Lease Lease below 30 years Lease upto 99 years Lease above 99 years	1 % } on the total amount 4 % } rent, premium, fine 8 % } etc.,	1% subject to a maximum of Rs.20000/-
15. Declaration of Trust (if property is there, it would be considered as sale)	Rs. 180	1% on the Amount

2. PLANNING PERMISSION

The Chennai Metropolitan Development Authority regulates developments in Chennai Metropolitan Area through issue of Planning Permission (PP) under section 49 of the Tamil Nadu Town and Country Planning Act 1971.

Chennai **Metropolitan** Development Authority has delegated powers to the Local Bodies within the Chennai Metropolitan Area to issue planning permission for ordinary buildings and buildings under normally permissible categories of Industrial, Residential, Institutional and Commercial use zones and also sub-divisions & small layouts. Chennai Metropolitan Development Authority issues planning permissions to major developments like Special buildings and Group Developments and other buildings under special sanction of the Authority by itself, layouts for which powers were not delegated to Local Bodies and for Multi-storeyed / IT Buildings (MSB) with Government's approval.

- The 'B' Channel is in-charge of processing PP applications for Special Building sand Group developments.
- The 'C' Channel is in charge of processing PP applications for major Industries and Institutional buildings for which powers were not delegated to local bodies.
- The Layout channel is in charge of processing PP applications for major sub-divisions and layouts for which powers were not delegated to local bodies.
- The MSB & IT MSB channel is in charge of processing PP applications for all types of Multi- storeyed buildings including IT and ITES. Non MSB IT or ITES buildings are also dealt in this channel

- The details of the Norms set by CMDA for execution of Planning Permission
- The First essential requisite follows the procedure
- It's a lot easier to get permission to construct a building now. Those tedious delays are things of the past. The new streamlined procedure of the CMDA ensures that you get your permission early.

2.1 What is Planning Permission?

Before you undertake any development you have to obtain Planning Permission from the CMDA, which is a must under the Town and Country Planning Act. The permission is valid for 3 years from the date of issue.

2.2 How do you obtain Planning Permission?

Two categories of applications have been prescribed. Form 'A' for laying out of lands for building purposes Form 'B' & Form 'C' an undertaking from the applicant/owner.
You can get an application form from the office of CMDA. Chennai Corporation, Municipalities, Town Panchayat sand Panchayat Union Offices.

2.3 Documents to be attached to the application

Form 'A' for laying out of lands and Form 'B' &'C' for building construction. Form 'B' duly filled in signed by the owner and Licensed Surveyor, Architect and Power of attorney holder/lease holder along with the documents, plans and other particulars detailed out in the checklist.

2.4 With whom should you file the application?

With Chennai City Municipal Corporation / Municipality / Town Panchayat / Panchayat Union as the case may be depending upon location for all ordinary buildings and other buildings for which powers to issue planning permission has been delegated.
In case of Special Buildings (Ground + 3 floors) group development or Multi-storeyed building(more than 4 floors), applications directly admitted in CMDA.

2.5 On what basis is planning permission issued?

Your application will be scrutinized for its conformity to the land use for which the site has been designated under the Master Plan or the Detailed Development Plan ,compliance of the Development Regulations. If it satisfies the Development Regulations, planning permission will be issued, and if not, planning permission will be refused by the local Authority / CMDA.

2.6 Will the site be inspected?

Your site will invariable be inspected by the Building Plan Inspector / Town Planning Officer of the Local Body /Officers of CMDA.

2.7 What are your rights if you are aggrieved by the decision?

If permission is refused by the local body or CMDA you can prefer an appeal to the Government.

2.8 What happens if you do not apply for Planning Permission at all?

If you carry out any development without proper permission it will be an unauthorized development. Construction made without permission can be demolished or kept under lock and seal under the Act.
In case of deviation to be made with reference to an approved plan also, permission is to be obtained. A revised plan showing the deviations should be submitted and the procedure for the approval of the original plan will apply to all such deviation plans also.

2.9 Should you pay a licence fee / Development charge?

If your application is fit to be approved a demand will be sent to you by CMDA/the local body for payment of development charge. The rate will depend on the location of the site, proposed use and the floor area.

2.10 What is your obligation as a developer within the CMDA?

Obtain permission for any development / construction you decide to carry out. Complete development as per the approved plan within the time prescribed in the planning permit.

2.11 Where you can get details on land use and clarification on Development Regulations?

At the Counseling and Consultancy Counterin the first floor of CMDA's Office complex at Thalamuthu-Natarajan Maligai, No.1, Gandhi-Irwin Road, Egmore, Chennai-600 008.

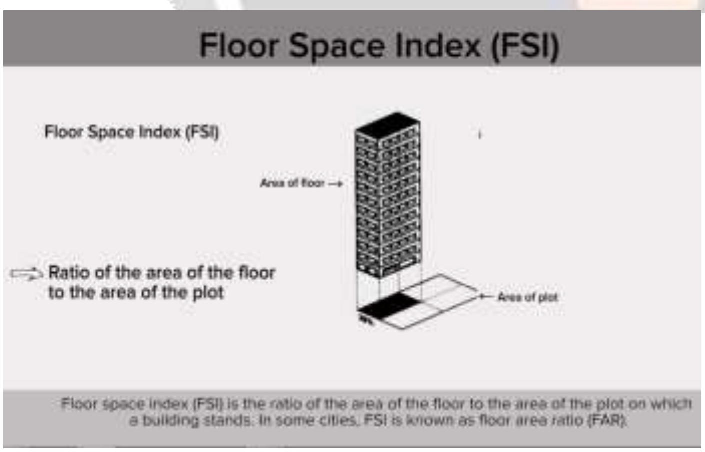
2.12 What services are rendered at the counseling and consultancy counter?

- Information of Land use both oral as well as in writing across the table.
- For copies of plans approved by CMDA both for plots as well as buildings (Approval Number .to be given and fees to be paid depending on size).
- For copies of Development Regulations(Master Plan), Application forms, check lists.
- Clarifications on applicability of Development Regulations.
- Admission of planning permission application for Special Buildings / Group developments and Multi-storeyed / IT buildings, also ordinary buildings with stilt parking floor.
- Sale of other forms and publications of CMDA.
- Advise on the preparation of plan in accordance with the Development Regulation.

2.13 What is Guide Line Value?

Guide Value is a valuation of property by government which may varies according to place, Recently Government has revised the Guide line value on 09/06/2017

2.14 What is FSI (Floor Space Index)?



FSI stands for **Floor Space Index** also known as Floor Area Ratio (FAR).
FSI means the ratio between the area of a covered floor (Built up Area) to the area of that plot (land) on which a building stands.

2.15 How to calculate FSI for building?

FSI regulates by Directorate of Town and Country Planning **(DTCP)** department.

They will regulate the FSI value based on city zone, type of building and other amenities.Construction companies or builders can only build up to the FSI imposed by the government.

$$\text{FSI} = \frac{\text{Floor space covered in all floors}}{\text{Area of the plot}}$$

FSI × Plot Area = Built-up Area

2.16 What is FSI in construction?

FSI Example Calculation

To explain Floor Space Index (FSI),
Assume you have a land of 2000 sq.ft and you want to construct a building on that land.

First thing, you need to know is what type of building you are planning to construct?

- Ordinary Building – Up to 2 floors less than 4 flats/dwelling units,
- Special Building – more than 2 floors not exceeding 4 floors,
- Multi-storeyed Building – Exceeding 4 floors

There are other types of buildings also exist. (Industrial Building, Group housing etc).
For the sake of this example, we stick to these types.
Based on your building type, find out your zone **FSI**, which you can find on your state govt's official website.

Normally different buildings have different FSI regardless of the location. For the same location, FSI can vary for ordinary building and special buildings.

Let say, your zone FSI is 1.5 for special buildings. Now you can build (2000*1.5) 3000 Sq.ft covered area on your land. It can be either 2 floors of 1500 sq.ft or 3 floors of 1000 sq.ft without affecting other municipal rules.
You have to follow other municipal rules such as,

- Minimum plot extent area
- Front, back, side and rear setback
- OSR and parking space.

2.17 What is Premium FSI?

Regardless of location and building type, there are some allowable deviations.

Premium FSI, If you need to extend the allowable Floor Space Index (FSI), you have to pay a premium fee to the govt. To avail this FSI, the abutting road of the land must be at least 30 feet.

30 – 40 Feet Road Width	20 % Premium FSI
40 – 60 Feet Road Width	30 % Premium FSI
more than 60 Feet Road Width	40 % Premium FSI

If the land location of the building has 30 – 40 feet abutting roadway. Then you can make avail the premium FSI of 20% which means you can build 20% more than allowable FSI.

For example, if you have 1000 sqft land located near 30 feet road (where normal FSI is 1.5), then you can make avail of the premium FSI 20% by paying the premium fee.

3. UNDIVIDED SHARE

Undivided Share of Land (UDS) is the share of land owned by you when you purchase a property. Basically, when you buy a flat or an apartment, you are buying two things, the constructed area where you actuall reside, and the proportionate share on the land where the whole property is built.

UDS is the part of the land which is associated to an individual apartment and registered in the name of the apartment's owner(s). This share of land has no specific boundaries within the total extent of the land on which the apartment complex is built. The sum of all UDS will be equal to the total land area of the apartment complex.

3.1 How is UDS calculated?

UDS is usually calculated as the percentage of the apartment's super built-up area to the total super built-up area of all apartments as hereunder:

UDS = Individual apartment's super built-up area / Sum of all apartments' super builtup are X total land area.

Example 1:

Assuming a complex of four apartments of equal sizes, of say 900 Sqft, on one ground (2400 Sqft) of land.
UDS = 900 / (900+900+900+900) X 2400 = 600 Sq.ft
In this case, the UDS of each apartment is 600 Sqft

Example 2:

If the four apartments were of different sizes, say 700 Sqft, 800Sqft, 900 Sqft and 1200 sqft, then the UDS of each apartment would be

UDS 1 = 700 /(700 + 800 + 900 + 1200) X 2400 = 466.67 sqft
UDS 2 = 800 /(700 + 800 + 900 + 1200) X 2400 = 533.33 sqft
UDS 3 = 900 /(700 + 800 + 900 + 1200) X 2400 = 600 sqft
UDS 4 = 1200 /(700 + 800 + 900 + 1200) X 2400 = 800 sqft

As the apartment ages, the building component depreciates in value, but the UDS component appreciates in value. So, the more the UDS, the better the deal.

Buyers are sometime tempted to accept a lower share of land since stamp duty and registration charges can be reduced thereby saving money. But the implications of this are many. After a period of about 20 or 30 years when the building is demolished either out of compulsion or for re-development, the owners will have fewer shares than what is due to them. The compensation they receive will be reduced since it will be based on the extent of the UDS they hold.

4. REGISTRATION PROCEDURE FOR NEW APARTMENT

Accordingly, the stamp duty has been split up into 5% stamp duty, 2% transfer duty and 1% registration fee. This has plugged the loophole as the apartment buyers, who until now, registered only the undivided share of the land (UDS) must now necessarily register their construction agreement also and pay two per cent additional charges towards it. Now the buyer pays stamp duty on the UDS (5% + 2% + 1%), and 2% of the cost of construction, to register the construction agreement. The registration charge for the UDS is based on the guideline valuation of the area while for the construction agreement it is based on the cost of the apartment (total cost less the UDS value) and other inclusions, if any, as stated in the agreement.

Example

A	B	C	D	E	F			
AREA SQ.FT	FLAT COST (A*5000)	UDS SQ.FT	LAND COST (Land value-3000)(C*3000)	CONS COST (B-D)	GST (E*18%)	REGN AGGREMENT ((E+F)*2.15%)	REGN UDS (D*11.5%)	**TOTAL**
1200	60,00,000	750	22,50,000	37,50,000	6,75,000	95,137.50	2,58,750	**70,28,887.50**

4.1 GST

GST should be calculated for the construction value of the building, GST for construction is 18% where stamp duty is also calculated for GST.

5. CONCLUSIONS & RECOMMENDATIONS

The result shows, the sequence of work for purchasing a land or a property. Understanding of Building approvals, rules and regulations, documents to be prepared, costs, tax etc.. are not an easy task. Hence, some of the guidelines and steps are prepared for people to make them easily understand the process of purchasing a property or land. The most important steps to procure a land or a building are as follows,

- Registration of property should done at SRO sub register office of concern area
- Approval of building should be get plan permission from CMDA Chennai Metropolitan Development Authority on its existing limit
- Approval of building for other areas to get from their respective corporation/Municipality/Panchayat

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