



REAL ESTATE

New TNRERA Penalties: Sale of Plots/Flats/Apartments Sold before Registration

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Introduction

The Tamil Nadu Real Estate Regulatory Authority (TNRERA) has issued a new circular, No. TNRERA/3867/2024, dated 10.09.2025, that introduces a significantly revised and stricter penalty structure for selling plots and flats before a project is officially registered. This order supersedes a previous circular of the same number from November 2024 and is a strong move to enforce compliance with Section 3 of the Real Estate (Regulation & Development) Act, 2016.

Understanding the New Penalties

Under the new guidelines, the penalty for a real estate project in violation of Section 3 will be the highest of three possible calculations, ensuring a substantial financial deterrent. The first is a fixed amount per plot or flat based on its jurisdiction: ₹15,000 in the Greater Chennai Corporation (GCC), ₹10,000 in the Chennai Metropolitan Area (excluding GCC), and ₹10,000 in the Municipal Corporations of Madurai, Coimbatore, Tirupur, Salem, Tiruchirapalli, Tirunelveli, Erode, Vellore, and Thoothukudi, as well as their adjacent municipalities, town panchayats, and village panchayats. Other penalties include ₹8,000 for all other Municipal Corporations, ₹6,000 for all other Municipalities, ₹4,000 for all other Town Panchayats, and ₹3,000 for all other Village Panchayats. The penalty can also be a percentage of the project cost, specifically 2% of the proportionate project cost for plots and 1% for flats sold without registration. A third option is 2% of the total sale value of the plots or flats sold without TNRERA registration, as reflected in the Encumbrance Certificate (EC).

Additional Penalties for Multiple Violations

In a further move to deter non-compliance, an additional penalty will be levied on projects where multiple properties are sold in violation of the Act. This additional penalty will be 50% of the calculated penalty if 10 to 50 plots/flats/apartments have been sold illegally, and a full 100% of the penalty for projects where more than 50 such properties have been sold.

Impact on Developers and Homebuyers

This revised framework signals TNRERA's firm commitment to protecting homebuyers and creating a more transparent and accountable real estate market. For developers, this means the cost of non-compliance is now higher than ever, making timely registration not just a legal requirement but an essential business practice. For prospective homebuyers, this is a welcome development that adds another layer of security, making it even more important to verify a project's TNRERA registration status before making any purchase.

Conclusion

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