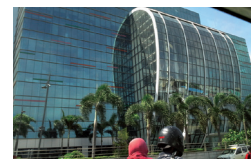




Realty Data

Chennai continues to attract leading developers to come and invest in commercial projects.



Chennai's office supply during the 2nd half of 2021 will be approximately 5.4 m sq. ft. The year-end absorption may close at 3.5 million sq. ft



TAX PLANNING

Gifts received from non-relatives too can also be completely exempt from income tax.

During his 100-day sojourn in the office, chief minister MK Stalin has begun well with an influx of Rs 28,508 crore investment for 49 projects that will generate employment for 83,482 people in the state, reports V Nagarajan.

Investors Conclave Boosts Investment



After assuming power as chief minister of Tamil Nadu, MK Stalin has been planning to inject a fresh lease of life to the state in many sectors to restore its glory. During the Investors Conclave organised by the Industries Department recently, 35 MoUs were exchanged involving a cumulative investment of Rs 17,141 crore that will provide employment opportunities to 55,054 people.

Chief minister MK Stalin also laid the foundation stone for nine projects with an investment commitment of Rs 4,250 crore which will generate employment opportunity for 21,630 people.

In a related development, CM Stalin has also inaugurated five projects with an investment commitment of Rs 7,117 crore that will contribute to the employment opportunities for 6,798

people. The total investment commitment in the above 49 projects has been estimated at Rs 28,508 crore which in turn will generate employment opportunities for 83,482 people.

During the occasion, a single window portal 2.0 with 100+ services spread across 24 departments for existing and new investors was launched. It will have features like parallel processing of clearances, virtual meeting with departments, artificial intelligence based Chatbot facility and deemed approval for select clearances.

The Guidance Bureau of Tamil Nadu has entered into an MoU with American Tamil Entrepreneurs Association (ATEA) to promote start-ups in the fields of innovation and R&D in

Tamil Nadu. This digital accelerator programme sanctions grant to the start-up projects engaged in innovation, research and development. The government has sanctioned a sum of Rs 5 crore for this programme. In all, 75 applications have been received, out of which five organisations have been selected for sanction of the grant. Chief minister MK Stalin has handedover the sanction orders to the five companies.

General Electric has proposed to establish a centre of excellence to enhance of production of aircraft and aeronautical components for industries in the aerospace and defence sector using advanced manufacturing technologies. An MoU was signed between the General Electric Company and TIDCO in the presence of chief minister.

The MoUs were exchanged for 35 projects with a cumulative investment of Rs 17,141 crore and employment opportunities to 55,054 people. The investments are in the fields of power plants, electronics, auto components, industrial parks, IT/ITES, general manufacturing, food processing, footwear, pharmaceuticals, textiles etc.

Chief minister MK Stalin has laid the foundation stone for nine projects with an investment commitment of Rs 4,250 crore and employment potential for 21,630 people. He has also inaugurated five projects with a cumulative investment of Rs 7,117 crore and employment potential upto 6,798 people.

Investors' Confidence Remains Intact

Defying all odds, India drew PE investment of US\$2.7 billion during H1, 2021, a clear indication of the India story remains strong globally, says Savills India

Private equity investment inflows into the Indian real estate sector amounted to USD 2.7 billion (INR 143 billion) during H1 2021. Equivalent to 41% of the investment inflows that the sector witnessed in the entire year 2020, this indicates that investors' confidence remains intact despite the pandemic struck slowdown period. However, with USD 865 million (INR 63 billion) of inflows during Q2 2021, we witnessed a decline of 54% QOQ.

Despite the prevalence of remote working culture, commercial office assets remained the frontrunner during Q2 2021, garnering about 40% share of the investment pie. This is backed by resilience displayed by the investable grade office assets in these difficult times, as reflected in the successful listing and operations of the three REITs in India. While occupancy levels in Embassy Office

Parks REIT and Mindspace Business Parks REIT declined marginally by 1-2 percentage points at the end of March 2021, as compared to December 2020, the rents remained stable during this period. Brookfield India REIT executed a successful IPO with an 8X subscription and witnessed strong participation from a diverse mix of marquee investors.

During Q1 2021, the consumption pattern across investable grade retail assets improved and recovered swiftly to pre-COVID levels of Q1 2020. We witnessed renewed interest in retail segment by private equity institutional investors as the segment accounted for the second highest share (33%) of investment inflows during Q2 2021. Foreign investors such as CPPIB and GIC formed platforms to invest to the tune of USD 285 million (INR 21 billion) in retail assets in the cities of Kolkata, Mumbai and Pune.

A PRAGMATIC APPROACH TO KEY ISSUES

India's GDP grew 1.6% in Q4 FY2021, contracted 7.3% in FY2021.

- India attracted the highest ever FDI of USD 81.7 billion (INR 5.9 trillion) during FY2021.
- Union Cabinet approves Production Linked Incentive Schemes for white goods and battery manufacturing.
- Union Cabinet approves the Model Tenancy Act, that is likely to overhaul the legal framework concerning rental housing in India.
- The Union Government announces an additional stimulus package of USD 86.5 billion (INR 6.3 trillion) to support Indian economy in its fight against the effects of COVID-19 pandemic.
- SEBI reduces the minimum application value of REITs and InvITs and revises the trading lot to one unit.



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For more details contact:

B Prabhu, Secretary
9941945554

Realty Data

CHENNAI OFFICE MART – MARKET STATISTICS

Submarket	Inventory (sft)	Vacancy	YTD gross leasing activity (sqft)	Planned & under construction (sqft)	YTD net absorption	Grade A weighted average rent
CBD	2,685,809	11.95%	141,690	377,415	5,500	77.27
Off-CBD	544,110	29.91%	7,281	50,000	7,281	74.48
South-west	12,948,937	9.98%	1,023,426	5,650,462	128,301	73.56
North-west	3,232,000	23.58%	16,687	-	-	39.78
Suburban South	18,250,412	6.84%	497,764	1,196,416	-39,828	76.86
Peripheral South	11,882,105	16.07%	916,799	170,000	69,675	49.70
Peripheral South-west	4,292,000	10.01%	17,887	3,592,239	-4,000	54.75
Total	53,835,373	11.38%	2,621,534	11,036,532	166,929	57.50

TAX UPDATE

Determination of the liability to pay GST on Maintenance charges

Emerald Court Co-op Housing Society Ltd is a Co-operative Housing Society (CHS). It looks after the upkeep of the society and its members. The CHS provides services to its members in the form of facilities or benefits like security, cleaning, repairs, water, common electricity etc. It also arranges to pay for the ancillary services like accounting, auditing, caretaker, etc. Presently, the CHS is raising monthly bills on its members which consist of 2 parts, one is property tax on which GST is not being charged and another is 'Maintenance charges' on which GST is being charged. Hence we seek opinion on the chargeability of GST on such transaction since there

could be no sale by the Co-operative Housing Societies to its own permanent members, for doctrine of mutuality would come into play, fo elaborate, CHS treated itself as the agent of the permanent members in entirely and advanced the stand that no consideration passed for the services rendered by the society to its members and there was only reimbursement of the amount by the members and therefore no GST could be levied. Answer:- The applicant is liable to pay GST on maintenance charges (by whatever name called) collected from its members, if the monthly subscription or contribution charged from the members is more than Rs. 7,500/- per month. (Source: taxguru.in)

CHENNAI RESIDENTIAL SCENARIO

Key Micromarkets	Rental Values Average quoted rent	Capital Values Average quoted rate
Oragadam	8,500 – 11,500	3,810
Perumbakkam	11,000 – 17,000	4,425
Guduvanchery	9,500 – 17,500	4,000
Avadi	5,500 – 11,500	3,930
Perambur	13,500 – 19,000	6,290

Source: Anarock

GROUND REALITIES

Inheriting immovable property by NRIs

Technically, any individual is entitled to receive, including by inheritance, property situated in India regardless of his residency or citizenship. However, the transfer of ownership and the holding of the property must adhere to the following regulations:

Foreign exchange regulations

1. NRIs and PIOs are permitted to acquire any immovable property in India by way of inheritance from a person resident outside India who acquired such property in accordance with the provisions of the foreign exchange law in force at the time of the acquisition or from a person resident in India.
2. PIOs may acquire any immovable property in India by way of inheritance from a person resident in India or a person resident outside India who acquired such property in accordance with the provisions of the foreign exchange law in force.
3. The PIO may transfer agricultural land, plantation property or a farmhouse in India acquired by way of inheritance, by way of sale or gift to a person resident in India who is a citizen of India.
4. A person resident outside India may hold any immovable property in India acquired by way of inheritance from a person resident outside India, with prior approval of the RBI, provided the bequestor had acquired such property in accordance with the provisions of foreign exchange law in force at the time of acquisition.

Tax implications

1. There is no capital gain if the property is transferred through inheritance. However, any income generated out of these inheritances is added to taxable income, for example, rent, equity gains or interest on fixed deposits.
2. If the individual plans to sell the inherited property, he has to pay capital gains tax. For this, the cost of acquisition will be the cost at which the previous owner acquired the property including the cost of improvement.

Stamp duty and registration

Stamp duty implication, as also described in the case of gifts, will arise if the property is transferred during the lifetime of the bequestor. The person who inherits property must ensure that the documents of title of property are in order. These documents are critical, especially if one intends to sell the property further.

Excerpts from Homeward Bound – A regulatory and investment handbook for Overseas Indians. Knowledge partner: Ernst & Young.



SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

Property	Submarket	Major Tenant	Sqft	Completion
Olympia Inspire	South-west	NA	190,000	Q3 2021
Embassy Tech Zone Block 10	Peripheral South-west	Accenture	480,000	Q2 2022
Olympia Cyber space	South-west	NA	1,165,222	Q1 2023

Source: Cushman & Wakefield research

KEY LEASE TRANSACTIONS Q2 2021

Property	Submarket	Tenant	Sqft	Lease Type
Olympia Tech Park	South-west	Logitech	35,356	Fresh lease
RMZ One Paramount Block 30	South-west	Maersk	136,000	Pre-commitment

Chennai's office supply during the second half of 2021 will be approximately 5.4 million sq. ft. of new completions as construction activity resumes. The yearend absorption may close at 3.5 million sq. ft, says a survey by Savills.

CHENNAI OFFICE MART

Rentals are likely to be Stable in H2

Unlike the preceding six months wherein large size deals of more than 100,000 sq. ft. dominated the leasing activity contributing to over 60% of the total office space demand, the first half of 2021 saw smaller deals upto 25,000 sq. ft. contributing 60%. Interestingly, transactions up to 25,000 sq. ft. were quite significant in the OMR locations (combined for Pre Toll and Post Toll) with a 32% share followed by the CBD with a 31% share and Guindy at 20% of the total small deal transactions. Deals ranging from 25,000 to 99,999 sq. ft. contributed the remaining share of 40% in overall leasing activity. Majority of mid-sized



deals were recorded in Guindy (39%) and MPR (25%). Despite the ongoing pandemic, 566,000 sq. ft. was pre-committed by Technology and Engineering companies indicating strong business sentiments

LEASING AND COMPLETIONS

Absorption: Chennai witnessed leasing activity of about 1.1 million sq. ft. in the first half of 2021 noting a 48% YOY decline. Majority of the leasing activity was concentrated in Secondary Business District (SBD) Guindy, which accounted for close to 28% of the absorption of the city, followed by CBD and OMR Pre Toll locations that equally contributed about 19% and MPR contributing around 16%.

Sector Split: Technology sector con-

tinued to contribute the majority share in the leasing activity at 45%. In addition, the BFSI occupiers were active too with a 20% share. Interestingly, the leasing activity by the healthcare occupiers (in absolute terms) continued to be consistent compared to the same period last year. Supply: There is a huge decline in new completions as the city witnessed lockdown in the second quarter of the year. About 380,000 sq. ft. of new supply was recorded, which implies a 90% YOY decline. All the new completions were noted in Guindy consisting of IT & commercial developments.

VACANCY RATE: Overall vacancy of the city increased marginally and stood at 14% at the end of June. The increase in vacancy level can be attributed to portfolio reassessment by several occupiers and slow pace of leasing. The first half of 2021 witnessed several relocations as the ongoing pandemic forced some of the occupiers to reconsider and re-evaluate their real estate requirements. RENTS: Overall city rents declined marginally by 1% compared to the previous six-month average. Notable decline of about 3-5% YOY was recorded in Pre Toll, MPR and GST locations

OUTLOOK

We expect leasing activity to be subdued in 2021 compared to the previous year. The expected absorption is therefore approximately 3.5 million sq. ft. for the year 2021. Economic growth and advancing vaccinations are likely to aid leasing momentum, despite an overall cautious approach.

The sectors such as IT, banking, financial services, engineering and design are expected to continue to constitute a majority of office space demand in the city. The flexible workspace segment is likely to see similar levels of leasing momentum but is not expected to gain notable share in overall leasing in 2021.

Rents in 2021 are likely to be stable over the next six months. Along with stability in rentals, terminations and space surrenders are likely to be relatively less in 2021, resulting in slight improvement in occupancy levels in select markets. However, overall vacancy levels are likely to increase owing to infusion of new supply.

The second half of 2021 is expected to witness approximately 5.4 million sq. ft. of new completions as construction activity resumes. This upcoming supply will be predominantly spread across MPR, GST & PTR locations.

CHENNAI OFFICE MART – MAJOR TRANSACTIONS IN H1, 2021

Tenant	Micro market	Building	Transacted area (sqft)*
CohnReznick	SBD Guindy	Olympia Tech Park	50,000
DISYS	SBD – OMR Pre Toll	TRIL	50,000
Technicolor	PDB – OMR Post Toll	ASV Suntech	40,200
SRM Technologies	SBD – OMR Pre Toll	RMZ Millenia	40,000
Zifo RnD Solution	SBD – MPR	DLF Cybercity	39,700

*Approximate and indicative areas only.

Source: Savills.in

TAX PLANNING



All you need to know about Gifting



It is widely known that gifts from relatives are tax-exempt. But what is not widely known at all is that gifts received even from non-relatives can also be completely exempt from income tax. Here is the complete run-down from a renowned tax expert. It is very common for people to receive gifts from friends and relatives. In some cases, gifts are also received from NRIs. Let us consider the latest provisions of the Income Tax Act, 1961 regarding gifts, and analyse how individuals can achieve complete exemption from income tax in respect of the gifts during the current financial year. (The sections mentioned below refer to the Income Tax Act, 1961.)

The taxation of gift under income tax [Section 56(2) (x)]:

1. Cash:

If aggregate value is less than Rs.50000 then nothing will be taxable. If value exceeds Rs. 50,000, the whole amount will be taxable.

2. Movable Property as Gift:

a) Without consideration:

Where any person receives, in any previous year, from any person or persons any property other than immovable property without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property will be taxable in the hands of receiver.

b) For Inadequate Consideration:

Where any person receives, in any previous year, from any person or persons any property other than immovable property for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the

aggregate fair market value of such property as exceeds such consideration. The excess differential amount will be taxable in the hands of receiver.

3. Immovable Property as Gift:

a) Without Consideration:

Where any person receives, in any previous year, from any person or persons any immovable property without consideration and the stamp duty value of which exceeds fifty thousand rupees then in such case, the stamp duty value of such property will be taxable in the hands of receiver.

b) For Inadequate Consideration:

Where any person receives, in any previous year, from any person or persons any immovable property for a consideration, the stamp duty value of such property as exceeds such consideration, if the amount of such excess is more than the higher of the following amounts:

- (i) the amount of fifty thousand rupees; and
- (ii) the amount equal to five per cent of the consideration

The excess differential amount will be taxable in the hands of receiver.

4. Some Exempt gifts

If any gifts are received in following situations or from below mentioned people then those gifts will be fully exempt under Income Tax.

Any sum of money or any property received:

- from any relative; or
- on the occasion of the marriage of the individual; or
- under a will or by way of inheritance; or
- in contemplation of death of the payer or donor or
- from any local authority or
- from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or in-

stitution referred to in clause (23C) of section 10; or

- from or by any trust or institution registered under section 12A or section 12AA; or
- by any fund or trust or institution or any university or other educational institution or any hospital or other medical institution or
- by way of transaction not regarded as transfer under clause (i) or clause (iv) or clause (v) or clause (vi) or clause (via) or clause (vii) or clause (viii) or clause (vix) or clause (vixb) or clause (vixc) or clause (vixd) or clause (vixe) of section 47; or
- from an individual by a trust created or established solely for the benefit of relative of the individual.
- any compensation or other payment, due to or received by any person, by whatever name called, in connection with the termination of his employment or the modification of the terms and conditions relating thereto

Note: In the above-mentioned points the

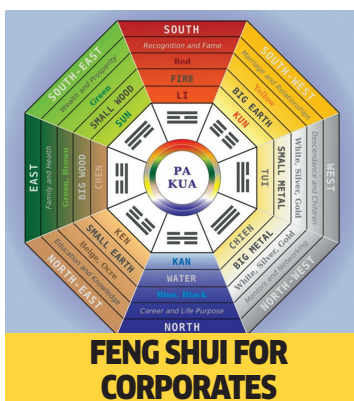
term Relatives means

- Spouse of Individual
- Brother & Sister of Individual
- Brother & Sister of Spouse of Individual
- Brother & Sister of either of the parents of Individual
- Any Lineal ascendants or descendants of the individual
- Any Lineal ascendants or descendants of the spouse of the individual.

(Republished with Amendments by Team Taxguru).

Courtesy: www.taxguru.in

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Feng Shui for Home office

By S.BS.Surendran

Traffic problems, space constraints and budgeting has given rise to the concept of SOHO (Small Office Home Office). This is catching up rapidly in many cities and quite a few organizations have been forthcoming in encouraging their staff to operate from their homes .

Often many home offices are set up in available spaces like corner of the bedroom, basement, attic, beneath stairs, close to toilet walls etc. Some areas within a home are good for a home office while others are not so great.

When setting up a home office, it can be tempting to use whatever extra furniture is on hand to economize; this is acceptable provided the furniture's are not falling apart and discolored. Second-hand office furniture requires special consideration, as it often has terrible "predecessor chi." Never buy used furniture from a business that went bankrupt, no matter how cheap it is - it will fill your home office with the energy of failure, anxiety, and disappointment. Family furniture inherited, will have good or bad energy for you depending on the quality of your family relationships. If for example you have a great relationship

with your father, consider him a good role model, using his old desk and chair in your office can help you feel looked after, supported, and inspired.

If you hold client meetings in your home office, it is best if clients can use a separate entrance from that used by your family. That way your clients can come and go without having to pass through your living spaces, and both of your energies will remain focused on business. Clients who walk through your living space before getting to the office are likely to make a subtle shift away from a business focus, and their confidence in your professionalism or capabilities may subconsciously be weakened

Certain areas of the home are especially ill-suited for home office use. Here are some locations that you should avoid if at all possible:

- Center of the home, Work will dominate over family life
- Bedroom, Work issues may cause or contribute to relationship conflicts, thoughts of work may interfere with sleep, you may feel drowsy and unfocused when trying to work
- Office in nook underneath stairs, Oppressive overhead energy may cause headaches,

contribute to difficulty concentrating;

- Next to bathroom, with desk & toilet on opposite sides of the shared wall - Business chi gets flushed down the toilet Slanted ceilings create a similar problem that is focused on one side of the room.

If your office has a slanted ceiling, place your desk on the taller side of the room, and use the lower side for file cabinets, book cases, or other storage. Plants and lights that shine upward (rather than down) are good addition to rooms with low or slanted ceilings. Remember that the work you do is a form of self-expression. Although it is important that your office furniture be ergonomically suited to the work you do, don't feel you have to give this space an "office" look unless it helps you concentrate on business.

Mr Surendran

is an accredited master Fengshui consultant, bioenergetician and traditional Vaastu practitioner.

Email:

fengshui@fengshuiserver.com,

Web site:

http://www.fengshuiserver.com

Ph: - 91-80-25252456 or 25252109

