



# Rajput Jain & Associates

Chartered Accountants

An ISO 9001:2008 Certified Firm

## KEY PROVISIONS OF NRI TAXABILITY



## About

*Rajput Jain & Associates, Chartered Accountants, is one of the leading providers of financial and business advisory, internal audit, statutory audit, corporate governance, & international taxation and regulatory services. With a global approach to service delivery, we are responds to clients' complex business challenges with a broad range of services*

*across industry sectors and national boundaries. The Firm has been set up by a group of energetic, open minded, highly skilled and motivated professionals who have gained experience from top consulting companies and are extensively experienced in their chosen fields has providing a wide array of Accounting, Auditing, Assurance, Risk, Taxation, & Business advisory services to various clients & their stake holders. We have been associated with various national & International recognized associations in the field of our profession; Association of International tax consultants (AITC) is one of them.*



## KEY PROVISIONS OF NRI TAXABILITY



### 1. PERMANENT ACCOUNT NUMBER

PAN card number is a ten-digit number designed with unique alphanumeric combination. This number is required to be taken by all entities requiring payment of tax in India. It is issued by the Indian Income Tax Department. PAN card also serves as the national identification number in India.

### FEATURES

1. **APPLICATION FORM:** A person can apply for obtaining a PAN card by filing an application (i.e., Form 49AA in case of Non-Residents). Details to be provided in the form correctly filled up & signed by the applicant along with 2 passport size photographs and the application be submitted online on the NSDL portal.
2. **MEANS OF ID AND ADDRESS PROOF:** PAN number serves as the ID or Address Proof of the person in whose name PAN has been issued.
3. **REQUIREMENT:** Every person required to undertake any financial transaction or is required to pay tax in India is compulsorily required to have a PAN card.
4. **ITR FILING:** As discussed in above point, a person requiring to file ITR in India is required to have a PAN card.
5. **MEANS OF TRANSACTION TRAIL:** PAN card also provides a means for identification for all financial transactions and helps in keeping a watch on the same.
6. **CHANGES IN PAN CARD:** PAN is a very crucial document and the same be kept in updated form. Thus, NSDL portal also provides for PAN Correction/Change Application (in the prescribed form) to get the latest information updated with the IT Department.



## 2. INCOME TAX SLAB RATES FOR NRI

Every person earning income from any source in India, including the incomes which accrue or deemed to accrue in India, are liable to pay Income Tax on such income. Same applies to an NRI, they are also liable to pay tax on their income, which is earned in India for example Interest Income from investment made in India, Rental Income from any property situated in India etc. As we know, in India, tax rates are progressive in nature i.e., with the increase in income, tax rates also increase gradually. In the Union Budget, which is announced every year in the month of February, Finance Act is modified by passing the modification bill in order to give effect to the Income Tax Act, 1961. Tax slabs for resident individual of India below the age of 60 years and that of a NRI are same.

### NRI TAX SLABS WITH EFFECT FROM AY 2021-22

TAXABLE INCOME (RS)	TAX RATE
0 – 2,50,000	NIL
2,50,000 – 5,00,000	5%
5,00,000 – 7,50,000	10% ON EXCESS OF 5,00,000 + 12,500
7,50,000 – 10,00,000	15% ON EXCESS OF 7,50,000 + 37,500
10,00,000 – 12,50,000	20% ON EXCESS OF 10,00,000 + 75,000
12,50,000 – 15,00,000	25% ON EXCESS OF 12,50,000 + 1,25,000
ABOVE 15,00,000	30% ON EXCESS OF 15,00,000 + 1,87,500

### Example

Following are the details of Mr. X, Y and Z. They all are NRI and are having the following income and deductions in the FY 2020-21

PARTICULARS	X (RS)	Y (RS)	Z (RS)

GROSS TOTAL INCOME	4,50,000	8,50,000	14,50,000
DEDUCTIONS	1,50,000	1,50,000	1,50,000
TAXABLE INCOME	3,00,000	7,00,000	13,00,000
TAX LIABILITY	NIL	32,500	1,37,500

## ADDITIONS TO TAX LIABILITY

1. **HEALTH AND EDUCATION CESS:** On the above tax liability, a Health and Education Cess @4%, is charged on the value of the tax liability including Surcharge, if any. This cess is applied on the tax liability of every person irrespective of their age and residency.
2. **SURCHARGE APPLICABLE:** A fixed percentage of Surcharge is levied on the tax liability; in case the total taxable income of the individual exceeds the limit prescribed. The rates are as follows –
  - 10% for Income exceeding Rs 50 Lakh and up to Rs 1 crore.
  - 15% for Income exceeding Rs 1 Crore and up to Rs 2 crores.
  - 25% for Income exceeding Rs 2 Crore and up to Rs 5 crores.
  - 37% for Income exceeding Rs 5 Crore

Such rate of surcharge is applied and added to the value of Tax liability.

From the above data, the tax slab and rates applicable to NRI is pretty much clear and the same be used to answer the following questions -

- What rate of tax is applicable to NRI in India?
- Are there any special tax treatment for NRI?
- Up to what income is exempt for NRIs in India?

## 3. TRANSFER OF IMMOVABLE PROPERTY BY NRI AND TAX IMPLICATIONS

NRIs can acquire immovable property in India by different means as prescribed under the FEMA act. Now where the NRIs wish to sell this immovable property, they are required to keep the taxation aspect in mind. Because of sale transaction by NRIs, there are lots of tax issues arise before them. Same common questions arising in their mind could be -



- What will be the taxation aspect involved in such transfer?
- How will the cost of acquisition be identified in case the property is received as a gift or inherited to them?
- How will the capital gain be calculated and what rate be applicable?
- How will the expenses to be made while transferring the property be handled?
- What are the stamp duty regulations to be applied?
- In what way can the capital gain be reduced or what advantages can they take while making the payment for tax?
- Will there be any TDS provision that will arise?

## FEATURES OF TRANSFER OF IMMOVABLE PROPERTY

1. **GAINS ON SALE** - Immovable property comes in the definition of capital asset as prescribed in the law. Being a capital asset, any gain arising on the transfer of same be termed and taxed as a capital gain.
2. **COMPUTATION** -The amount of capital gain is determined by reducing the value of sale consideration by the cost of acquisition and the expenses incurred for undertaking the sale of such property. In case the amount of sale consideration is less than the acquiring cost and expenses on sale, there exist a capital loss, otherwise, it will be a capital gain.
3. **INDEXATION BENEFIT** -Indexation benefit refers to the benefit provided for calculation of cost of acquisition, by increasing such cost by taking the inflation index as base. Such a benefit is available if the asset is a long-term asset i.e., it was held by the owner for at least 3 years.
4. **INHERITED OR GIFTED PROPERTY** - where the immovable property was acquired by NRI by way of Inheritance/Gift, then the benefits of previous owner will pass on to the person who acquires such property, in terms of holding period and cost of acquisition.
5. **STAMP DUTY VALUATION** -As per the provisions of Section 50C of the Income Tax Act, an individual shall not sell a property for a consideration, where stamp duty is more than the 110% of the consideration. In such a case, the stamp duty value is considered as the actual amount of consideration for determining the capital gain.
6. **MEANS TO REDUCE TAX LIABILITY** - a person can reduce their capital gain tax, by adopting certain tax planning tools, like
  - Investing in Long Term Specified Bonds (i.e., 3-year lock-in bonds of NHAI/REC)
  - Purchasing a new house property within specified time period.
7. **TDS IMPLICATIONS** -As per section 195 of Income Tax Act, 1961, buyers of immovable property need to deduct TDS from the payment to be made to NRIs/PIOs.

## 5. INCOME TAX RETURN FILLING FOR NRI

Income Tax Return Filing comes under the annual compliance by the Income Tax authorities in India. Every taxpayer of India is required to file an annual income tax return. NRIs are also not exempt, rather their filing is more important.

### COMPONENTS OF ITR FILLING ON NRI

Some common source of income derived by NRIs in India are -

1. Interest received from balance kept in NRI accounts.
2. Rent received from House Property situated in India.
3. Capital Gains arising from sale of securities of Indian Companies.
4. Dividend income received by investing in shares and mutual funds in India.
5. Capital Gain arising from sale of immovable property situated in India.

### PROCESS OF FILING OF ITR FOR NRI

1. The person is required to collect all the documents supporting the source and nature of the income to be disclosed.
2. Next, they need to prepare their ITR return on the Income Tax portal. The same can be done by themselves or with the help of some expert.
3. After preparation of ITR, the same be submitted with the requisite amount of tax, as calculated by the inbuilt tax calculator.
4. After making payment of tax, the ITR form will be submitted to the IT department for verification purposes.
5. Online verification of ITR and supporting documents be done and the same be communicated by the online mode using Emails.

### DUE DATE FOR FILING ITR FOR NRI

In India, individuals including NRIs who come under the Non-Audit class are required to file their ITR by July 31 of Assessment Year. With the outbreak of Covid 19, this date has been extended to Nov 30, 2020 by the Finance Minister, hence, the extended due date for filing FY 2019-20 is Dec 31, 2020 and for those whose accounts require audit, the due date is extended up to Jan 31, 2021.



## BENEFITS TO NRI ON FILING OF ITR

1. **LEVY OF INTEREST PENALTY** - In case an assessee fails to file their ITR within the prescribed time, an interest @1% is charged for every month of default and part thereof.
2. **PENALTY FEE** - along with interest penalty, a penalty fee be also charged with an amount ranging from RS 1,000 - 10,000.
3. **DELAY IN REFUND PROCESSING** - in case the amount of tax paid is less than the actual tax liability, the IT department issues a refund for the same. In case the ITR is filed after the due date, the refund also gets delayed.
4. **VERY LESS TIME AFTER DUE DATE** - a person is in receipt of plenty of time to file their return. Where it is not done in the prescribed time, the time after due date is very less for late filers.
5. **CARRY FORWARD OF LOSS** - in case of business income, an assessee is allowed to carry forward their loss of current year for 8 succeeding assessment years. But the same is disallowed in case the assessee fails to file ITR within due date in each of the AY.
6. **PROSECUTION AND SCRUTINY** - In late filing of ITR, the chances of prosecution and scrutiny of documents by the department is pretty high.

## 6. NRI REPATRIATION SERVICE

An NRI, OCI and a Foreign Citizen, residing in India, are often into the transaction of remitting the money from Indian Bank accounts to foreign or NRI accounts.

To undertake such type of transactions, the banks are authorized to ask for certain documents namely -

- Application form duly filed and supported with required documents for outward remittance from NRO Account
- A2 Form as required to be filed under the regulation of RBI.
- Form 15CB, a certificate issued by a Chartered Accountant, practicing in India.
- Form 15CA, a declaration to the IT department.
- The source or way the said income was earned.
- Passport of the NRI.

## REMITTANCE SERVICE TO NRI

For all the above procedures, NRIs/PIOs look for a Chartered Accountant or Tax Consultant to assist them in complying with the above requirements.



## **REGULATION UNDER FEMA ACT FOR REMITTANCE BY NRI**

- The NRI is required to submit the required information in Form A2.
- Form 15CB, a certificate issued by a Chartered Accountant, practicing in India.
- Preparation & filing of Form 15CB and 15CA on Income Tax Department portal.
- Make the payment of taxes, in case if any is applicable.

## **FORM 15 CA, CB REGULATION AND PURPOSE**

Form 15 CA and 15CB are the Income Tax forms as required to be filed by the NRIs under section 195 of the Income Tax Act, 1961. These forms are required to be filed by a NRI while making any remittance outside India. Such forms are regulated by Income Tax Authorities.

Form 15CB is a declaration which is required to be certified by a Chartered Accountant practising in India and Form 15CA is a declaration by the NRI. TDS provisions are also triggered while making these remittances. It is to be noted that section 195 is not applicable on remittances made from the NRO account to NRE account by the NRI. Both these forms can be downloaded and filed on the Income Tax portal and the certification of the Chartered Accountant can also be done using their Digital Signature.

## **CERTIFICATION BY CHARTERED ACCOUNTANT**

There are certain steps to be followed in order to obtain certification in Form 15 CB -

1. The NRI is required to approach a certified Chartered Accountant and submit his/her bank statement for the last 1-2 years.
2. The CA will verify their source of income.
3. Once the source is identified, the CA will calculate the taxable income of the NRI and estimate the tax liability on the said income.
4. Once the NRI makes the payment of the requisite tax amount, the CA will file a return for the same.
5. After filing of return, the CA will keep a record of the same and certify the Form 15 CB.

## **STEP BY STEP PROCEDURE FOR FILING FORM 15CA**

1. First the NRI needs to login to the Income Tax Web Portal.
2. Create a new user account with the help of PAN card and other proofs.
3. Then visit the E-File option and select Form 15CA.
4. Form 15CA will have certain steps to be followed.
5. Fill in the required details in all the Parts from A to D.

6. On completing the information, submit the form by clicking on the submit button.
7. On successful filing, the NRI is required to submit a copy of the filed form with their bank.
8. The bank official will sign on the same and thereby complete the procedure.

Talking about the time required for such a procedure, usually a CA or tax consultant requires at least 1-3 days, to verify the documents and submitting Form 15CA and 15CB. After successful submitting, the NRI is required to submit the copy of the form to the respective Bank and thereafter the bank remit the funds immediately thereafter. Thus, on an average, it takes 2-4 days' time in order to initiate the whole process of remittance.

## 7. TDS CERTIFICATE FOR PROPERTY SALE BY NRI

### TDS PROVISIONS

- TDS provisions are applicable on all the financial transactions undertaken by any person in India.
- TDS is also applied on transfer of immovable property, irrespective of the type of person undertaking the transaction.
- Under the Income Tax Act, 1961, TDS is deducted @1%, where the seller is an Indian Resident and the same is governed by section 194IA.
- For NRI and OCI, the same is governed by section 195 of the Income Tax Act, 1961 and TDS is deducted at the maximum rate charged in India i.e., @ 20% for long term assets and @ 30% for short term assets. Along with this, surcharge and a 4% cess are also applied on the above rate.

### TDS GUIDELINES FOR NRI

1. It is commonly seen that in property sale transactions, the actual tax liability of a NRI taxpayer is less than its TDS deducted on the said transactions.
2. Let's understand it with an example. Suppose a NRI is looking to sell an immovable property for Rs 2 Crores, and the cost of acquisition of the said property (after indexation) Rs 1.5 Crores. By applying the provisions of capital gain, there is a capital gain of Rs 50 Lakhs. As per section 195, TDS on the said transaction will be deducted @23.92% (20% + SC 15% + cess 4%), being a long-term asset. Therefore, the amount of TDS will be 23.92% of Rs 2 crores i.e., Rs 47,84,000. Now computing the actual tax liability under the said transaction, the same be charged @ 20.8% (20% + 4% cess; SC not applicable on below 50 Lakh Rs gain) on the amount of Rs 50 lakhs i.e., Rs 10,40,000.
3. It can be clearly seen that NRI's TDS deducted is of Rs 47,84,000 while the actual tax liability is of Rs 10,40,000. Thus, to bridge the gap between TDS



deducted and actual tax liability, NRI can apply to claim the refund of excess TDS paid by filing their ITR.

4. Refund taking process is a time-consuming process. Once TDS is deducted on full amount, Non-resident money will be blocked with Income Tax Department for a long time, which causes loss of bank interest also.
5. To handle this problem, Income Tax Act provides for Lower TDS Certificate (or also called as TDS Exemption Certificate) under section 197 of Income Tax Act.

## **TDS EXEMPTION CERTIFICATE**

- NRI can voluntarily apply for Lower TDS Certificate to the concerned Income Tax Authority, to seek relief in the TDS implication.
- To apply for the said certificate the NRI is required to file Form 13 on the Income Tax Portal using the login credentials used to create their account on the portal.
- The applicant is also required to provide the supporting documents asked in the form for Lower TDS Certificate. The required documents are submitted with Form 13 Application online.
- On successful completion and submission of required documents, the application is forwarded to the Jurisdictional TDS Certificate Officer. The officer reviews the application and raises observations & further requirements if any.
- Once satisfied with the authentication of the application, the officer processes the certificate and allots the Lower TDS to the NRI/Foreign citizen in relation to the transaction.
- Hence, through this process NRI/Foreign citizens get TDS relief before the sale transaction, and therefore avoid blocking of their money with the Income Tax Department.

## **DOCUMENTATION FOR LOWER TDS CERTIFICATE**

The following documents are required to be supported with Form 13 for obtaining Lower TDS Certificate -

- Income Tax Login Details of NRI/Foreign Citizen.
- Registration details on the Lower TDS Application Portal i.e., TRACES.
- Agreement entered into with the buyer for sale of property.
- TAN number of the buyer. In case the buyer is not in receipt of one, can apply for it and get it in 2-3 days by filing Form 49B with the Income Tax Department.
- Copy of Passport of NRI/Foreign Citizen Seller.
- Circle Value of property involved, certified by the regulating authority.
- Properly stamped and executed purchase deed of the property and proof of ownership by the Owner.
- Bank account statement of the NRI held in India.

- ITR of the NRI for the last 2-3 years.
- Tax record and statement under 26AS for the last 2-3 years.

## **TIMELINE**

In normal circumstances, the activities involved in issuing the Lower TDS Certificate, take the following days -

- Preparation of application and submitting it with requisite documents - 2 Days
- Forwarding the application to TDS Jurisdictional Officer (Internal computerised process in Income Tax Department) - 4 days
- Raising of any irregularity or asking of any further information by the TDS Officer - 2 Days
- Providing requisite answer and information to the TDS officer - 2 Days
- Final assessment by the officer and allotment of the certificate - 2 Days
- Final approval and attestation by the Senior Jurisdictional Authority (Generally Additional CIT) - 2 Days
- Certificate issued to the concerned NRI - 1 Day

## **8. PROVISIONS TO COMPLY WITH WHILE SALE OF PROPERTY**

- The proceeds arising from sale of such property be received in an NRO account in India.
- Properly executed and stamped copy of sale deed must be obtained for tax compliances (ITR filing) and future tax/tax/another query.
- Keep a copy of property and other documents before giving originals to the buyer.
- TDS certificate (Form 16) in relation to TDS withhold by the buyer on property sale transaction.
- The NRI can remit the proceeds from NRO account to NRE/Foreign account. For the same, a process can be initiated with the bank for remittance of money and for this, CA services are required for Form 15CB (CA Certificate) and 15CA filing with Income Tax Department.
- After the end of the financial year, the Non-resident seller (NRI, Foreign citizen, OCI) is required to file Income Tax Return with the Income Tax Department to report Property Sale and capital gain & tax working.



## 9. GST PROVISIONS ON NRI

Goods and Services Tax Act was passed in 2017, which is an indirect tax. GST was passed to subsume many indirect taxes under one law i.e., GST Law. GST Law in India is comprehensive, multi-stage, destination tax.

### NRTP UNDER GST

Under GST Law, Non-Resident Taxable Person is defined as a person who undertakes any business transaction occasionally, involving the supply of goods or services, or both, whether as principal or agent or in any other capacity, and has no fixed place of business or residence in India.

### REGISTRATION ASPECT

As per Section 24 of the CGST act, 2017, a non resident taxable person is required to take compulsory registration under GST, to undertake any transaction involving supply of goods or services or both, without any threshold limit. Hence, a NRTP is required to obtain GST Registration irrespective of whether the business is involved in a one-time transaction or frequent taxable transactions.

### PROCEDURE FOR REGISTRATION

1. Every NRTP is required to apply for GST registration, at least 5 days prior to the commencement of business.
2. They need to have a Tax ID or Unique number of their own country.
3. PAN card is not required as the same is not issued to them. Passport of such person will act as their PAN card.
4. Application for registration is required to be filed in Form REG-09.
5. To undertake high-sea business in territorial waters, the NRI, as per the GST Law provisions, shall have to obtain registration in the coastal state or Union territory nearest to the appropriate baseline.
6. After successful filing of form, a temporary reference number is generated electronically by the Common Portal. The purpose of this temporary number is to facilitate advance deposit of tax in Electronic Cash Ledger of the said NRI and acknowledgment will be issued thereafter.

## GST ADVANCE PAYMENT

1. NRTPs are required to make an advance payment of tax equivalent to the estimated tax liability arising during the period for which registration is being sought.
2. After the said period lapses, the final tax liability of NRTP is assessed and any tax paid in excess is refunded back.
3. The time period of GST registration can be extended by the non-resident taxable person and for that, an application using the form GST REG-11 should be furnished electronically on GST Common Portal.

## GST PROVISION ON OTHER TRANSACTIONS

1. **RENTING OF IMMOVABLE PROPERTY** - any property let out on rent by a NRI in India for the purpose of commercial/business activity, the GST provisions shall be applicable on that transaction.
2. **CONSULTING SERVICES** - any sought of consultation service taken in India is subject to GST application, provided the same was supplied by an Indian resident.

## COMMON QUESTION OF NRI REQUIRED TO BE ANSWERS

- GST provisions applicable on NRI and OCI?
- Regulations are applicable on NRI or not?
- What is the procedure for obtaining GST registration?
- GST application on various activities undertaken by a NRI in India?
- GST implications on rent received from property situated in India?
- NRI working in India and providing consultation services. Will any GST be attracted?

## 10. INVESTMENTS IN INDIA

NRIs/PIOs are allowed to invest in India in two ways, namely -

### 1. REPATRIATION BASIS

- Investment in Government dated securities and treasury bills.
- Purchasing of units of mutual funds of domestic companies.
- Purchasing of bonds issued by any PSU in India.
- Investment in Non-convertible debt instruments.
- Banks in India issuing debt capital instruments for investment purposes.
- Shares or stocks of Indian companies under FDI scheme.



- Investment in Shares and convertible debentures of Indian companies through stock exchange under Portfolio Investment Scheme.

## 2. NON-REPATRIATION BASIS

- Investment in Government dated securities and treasury bills.
- Purchasing of units in money market and domestic mutual funds.
- NSC under Government of India regulations.
- Direct investment in Indian companies.
- Exchange traded derivative contracts by the SEBI, and the same be paid out of INR funds held in India on non-repatriable basis, up to a certain limit.
- Shares and convertible debentures of Indian companies through stock exchange under Portfolio Investment Scheme.

## 3. IMMOVABLE PROPERTY

- Any NRI, other than citizens of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal and Bhutan, can acquire property in India without any prior approval. Such property excludes agricultural land/ plantation property or a farmhouse out of repatriable and / or non-repatriable funds.
- The payment for the purchase of such property be made from –
  - ✓ Amount received in India through normal banking channels by way of inward remittance from any place outside India.
  - ✓ Amount already held in RBI authorized non-resident account maintained in India.

Note: The above amount shall exclude traveller's cheque or foreign currency notes or any other mode other than those specifically permitted as above.

- They can also acquire such property, by way of gift from a person resident in India or from a person resident outside India who is a citizen of India or of Indian origin.
- Such property can also be acquired by way of inheritance from a person resident outside India who had acquired such property in accordance with the provisions of the foreign exchange law applicable when the acquisition was made or the provisions of these Regulations or from a person resident in India.
- The property owned by a NRI can be sold to the following persons –

- ✓ To a person resident outside India but is a citizen of India or of Indian origin.

Out of the following investment, the NRI is liable for repatriation of following income -

1. The sale proceeds of immovable property in India where the property was acquired out of foreign exchange sources i.e., remitted through normal banking channels / by debit to NRE / FCNR (B) account.
  - The amount of repatriation not to exceed the amount paid for the property in foreign exchange through normal banking channels or by debit to NRE.
  - The repatriation of sale proceeds can be received up to two residential properties subject to certain conditions.
  - Where the property was acquired out of Rupee sources, NRI are allowed to remit an amount equal to USD one million per financial year out of the balances held in the NRO account, subject to tax compliance.

## RETURNING NRI FACILITIES

1. Such NRI shall continue to hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India, where such currency, security or property was acquired, held, or owned when resident outside India.
2. Any income derived and sale proceeds from assets held abroad need not be repatriated.

## FOREIGN CURRENCY ACCOUNT PROVISIONS

1. An Indian resident going abroad for studies or who is on a visit to a foreign country may open, hold and maintain a Foreign Currency Account with a bank outside India during his stay outside India, and on his return to India, the balance in the account is repatriated to India. However, short visits to India by the student who has gone abroad for studies, before completion of his studies, are exempted from the above provisions.
2. An Indian resident went out of India to participate in an exhibition/trade fair outside India may open, hold and maintain a Foreign Currency Account with a bank outside India in order to receive the sale proceeds of goods on display in the exhibition/trade fair, and the balance in the account is repatriated to India through normal banking channels within a period of one month from the date of closure of the exhibition/trade fair.



## RESIDENT FOREIGN CURRENCY ACCOUNT PROVISIONS

1. NRIs /PIOs returning to India, may open, hold and maintain a RFC account with an authorised dealer in India, to transfer balances held in NRE/FCNR(B) accounts.
2. The proceeds from sale of assets held outside India at the time of return are credited to the RFC account.
3. The funds held in RFC accounts are under no restrictions in terms of utilisation of foreign currency balances including any restriction on investment in any form outside India.
4. These accounts can be in the form of current or savings or term deposit accounts, where the account holder is an individual and in the form of current or term deposits in all other cases.

## FAQ On NRI

**Q. :Can Exchange Earners Foreign Currency (EEFC) accounts be held jointly with a -resident Indian?**

An EEFC account of a resident individual can be held jointly with a close relative who is also an Indian resident, on a 'former or survivor' basis. However, such resident Indian close relatives are restricted from operating the account during the lifetime of the resident account holder.

**Q. :Can a resident individual holding a savings bank account include a non-resident close relative as a joint account holder?**

Yes, an individual Indian resident can include non-resident close relative(s) as a joint holder(s) in their resident bank accounts on 'former or survivor' basis. However, such non- resident Indian close relatives shall be restricted from operating the account during the lifetime of the resident account holder.

**Q. :Can a gift involving shares/securities/convertible debentures etc be made to NRI close relatives by an Indian resident?**

An Indian resident individual is permitted to gift shares/securities/convertible debentures etc to NRI close relative up to an amount of USD 50,000 per financial year subject to certain conditions.

**Q. :Can a resident individual give rupee gifts to his visiting NRI/PIO close relatives?**

An Indian resident individual can provide gifts in terms of Indian rupees to his visiting NRI/PIO close relatives by way of crossed cheque/electronic

transfer within the overall limit of USD 200,000 per financial year and the said amount be credited to the beneficiary's NRO account.

**Q. :What services are allowed to be provided by a resident individual to his / her non-resident close relatives?**

A resident can make payment in rupees towards meeting expenses on account of boarding, lodging and services for travelling to and from and within India of a person resident outside India who is on a visit to India. Further, the medical expenses in respect of NRI close relative can be paid by a resident individual, provided such a payment is in the nature of a resident-to-resident transaction.



*Connect with Us:*

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