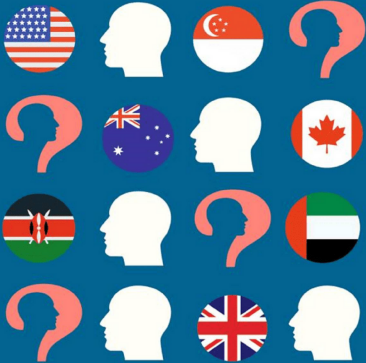




# FAQs FOR NRI

QUESTION - ANSWERS FOR NRIs  
COVERING VARIOUS ASPECTS OF LAW



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# COMMON ISSUES FACED BY NRIS

Hotel Center Point, Ramdaspath, Nagpur  
December 21, 2023 Thursday  
02:00 PM to 04:00 PM

By

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A central globe is surrounded by several sharpened colored pencils in various colors (red, blue, green, yellow, orange, purple, pink) arranged in a circular pattern on a light gray surface. The globe shows continents in different colors and a grid of latitude and longitude lines.

# ISSUES COVERED

Residential Status/PIO/OCI

Return of Income

Types of Bank Accounts  
for NRIs

Assets, Wealth, Investment

# Residential Status/PIO/OCI

## ISSUE NO 1

What do you understand  
by the term NRI?



# Solution

Residential  
Status/PIO/OCI

- ▶▶ NRI means Non-Resident having Indian Passport (Indian Citizen) + Person of Indian Origin (PIO) means Resident Indians holding a foreign passport.
- ▶▶ NRI is defined via Press note No.7(2015) dated June 3, 2015, by the Ministry of Industry and Commerce of the Government of India as Below:

Non-resident Indian' (NRI) means an individual resident outside India who is a citizen of India or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955. Cardholders registered as such under-Notification No. 26011/4/98 F.I. dated 19.8.2002 issued by Central Government are deemed to be ' Overseas Citizen of India cardholders

## ISSUE NO 2

Residential  
Status/PIO/OCI

An Indian citizen is leaving India for the first time for taking-up employment overseas. What is the best time for his/her departure from India?

# Solution

Residential  
Status/PIO/OCI

As it is his/her first year of leaving India for the purposes of employment, being an Indian citizen, he/she will become a resident in India only if his/her stay in India for the concerned Financial Year (FY) is 182 days or more. Hence, he/she should leave India on or before September 28 to maintain status of NR for that FY. This is on the basis that he/she does not return to India for any visits personal/ official until the end of such FY.

If he/she fails to do so, he / she will qualify as Resident and Ordinary Resident (ROR) and by virtue of taxation rules will be taxed on global income for residents, subject to DTAA benefits. There will also be an obligation to report foreign assets in India. Thus, he/she may need to plan his/her departure and subsequent visit appropriately keeping in mind the tax provisions.

## ISSUE NO 3

Residential  
Status/PIO/OCI

If an Indian citizen settled overseas wishes to return to India for good, what is the best time for her/him to do so?

# Solution

Residential  
Status/PIO/OCI

On the basis that he/ she were a NR in the previous FYs, she/he should try to come back on or after February 1 (or February 2 in case of a leap year). However, if her/his stay in India in prior 4 previous FYs does not exceed 365 days, then she/he may return after October 2 (or October 3 in case of a leap year). In both the cases, she/he will continue to remain Non-Resident (NR) for that FY



## ISSUE NO 4

Residential  
Status/PIO/OCI

What is the Residential Status of HUF (Hindu Undivided Family) , partnership firm (including LLP) or Other non company Person except Individuals as per Income Tax Act,1961?

# Solution

Residential  
Status/PIO/OCI

- ▶▶ HUF (Hindu Undivided Family), partnership firm (including LLP) or Other non-company Person except Individuals is resident in India in any Financial year unless during the Financial year the control and management of its affairs is situated wholly outside India.
- ▶▶ a) A HUF (Hindu Undivided Family) would be NOR in India if the managers has been NR in India in 9 out of the 10 PYs, or has during the 7 previous years prior to that year, been present in India in aggregate for 729 days or less.

## ISSUE NO 5

Residential  
Status/PIO/OCI

A Karta has an HUF comprising of himself, his wife, two sons and an unmarried daughter. The family is based in India, except for the Karta who resides overseas for his employment purposes. He visits India once in four months and takes the financial decision on his stay in India. Will the HUF be categorized as a resident?

# Solution

Residential  
Status/PIO/OCI

An HUF will be categorized as NR only when it is wholly controlled and managed from outside India. Accordingly, because the HUF will be managed wholly in India, as the decisions are taken when Karta comes India, its residential status shall be Resident. Further, the HUF will not be considered ROR-Resident if its Karta has been a Resident for less than 2 FY out of 10 FY preceding that FY, or has not during the 7 FY preceding that FY been in India for more than or equal to 730 days. Accordingly, if the Karta is not ROR-Resident, the HUF shall not be ROR-Resident.

## ISSUE NO 6

Residential  
Status/PIO/OCI

Mr. Rinkesh a resident India leaving India for uncertain period for employment outside India, is he supposed intimate to any authority for his Status from resident to Non-resident?

# Solution

Residential  
Status/PIO/OCI

Mr. Rinkesh is resident in India leaves India for a country other than Nepal or Bhutan for taking up employment, business or vocation outside India or for any other purpose indicating his intention to stay outside India Permanently or for an uncertain period, he must inform the banks where he is having bank accounts that he has become non-resident and therefore all his accounts may be designated as NRO accounts and he shall also advise the Companies in which he is having shares/debentures or any other investments etc. He need not take any permission from Reserve Bank or any other regulatory authority nor there need any to inform them about the status. Only while filing the return of the Income Tax he has to show his status as "Non-Resident".

## ISSUE NO 7

Residential  
Status/PIO/OCI

If Eligible NRI is having PIO then  
which kind of benefits PIO Card Holder  
will get?

# Solution

Residential  
Status/PIO/OCI

▶▶ **PIO card holder has many benefits, few of them listed below:**

- PIO card holder does not require any No visa for visiting India.
- A PIO Card holder will be exempt from the requirement of registration if his stay on any single visit in India does not exceed 180 days.
- In the event of continuous stay in India of the PIO Card holder exceeding 180 days, he/she shall have to get himself/herself registered within 30 days of the expiry of 180 days with the concerned Foreigners Regional Registration Officer/Foreigners Registration Officer.
- PIO card holder does not require Student Visa for admissions in Colleges or any Institutions of India.
- PIO card holder does not require Employment Visa for taking up employment in India.
- PIO card holder will have parity with non-resident Indians in respect of facilities available to the latter in economic, financial and educational field.



# Solution

## Residential Status/PIO/OCI

- All PIOs including PIO Card holders shall enjoy parity with NRIs in respect of all facilities in the matter of acquisition, holding, transfer and disposal of immovable properties in India except in matters relating to the acquisition of agricultural/plantation properties. No parity shall be allowed in the sphere of political rights.
- Children of PIO card holders can get admission to educational institutions in India including medical colleges, engineering colleges, Institute of Technology, Institute of Management, etc. under the general categories, no need to apply for NRI categories.
- PIO cardholder will get all facilities available under the various housing scheme of LIC, State Government and other Government Agencies.
- PIO cardholders can have speedy clearance at Special Counters at the immigration check posts.
- PIO Card can be used as identity proof for applying for a (I) PAN card, (II) driving license and (III) opening of Ban account in India, if the PIO card holder resides in India

## ISSUE NO 8

Residential  
Status/PIO/OCI

# What is the Fee for PIO Card?



# Solution

Residential  
Status/PIO/OCI

A fee of Indian Rupees 15,000 or equivalent in local foreign currency shall be payable along with the application. The fee for a PIO Card for a child up to the age of 18 Years will be Rs. 7,500 (or, its equivalent in local foreign currency).



## ISSUE NO 9

Residential  
Status/PIO/OCI

What will be the validity of the  
PIO card?



# Solution

Residential  
Status/PIO/OCI



PIO card will be valid for period of 15 years from the date of issue which will be subject to the validity of the passport of PIO card holder.

# ISSUE NO 10

Residential  
Status/PIO/OCI

If PIO card holder lost the card,  
can he/ she can get duplicate  
card?



# Solution

Residential  
Status/PIO/OCI

In the event of the loss of a PIO Card, a duplicate card may be issued after charging a fee of US\$ 100 or equivalent in local currency, subject to the completion of the other formalities viz. lodging of an FIR, scrutiny of claim, etc. as required to issue a duplicate passport. A duplicate PIO Card may be issued from the same office that issued the original card.

## ISSUE NO 11

Residential  
Status/PIO/OCI



Who are eligible to apply for  
Overseas Citizen of India (OCI)  
card ?



# Solution

Residential  
Status/PIO/OCI

▶▶ The following categories of foreign nationals are eligible for registration as Overseas Citizen of India (OCI) Card

1. Any major person
  - a) Who was a citizen of India at the time of, or at any time after the Commencement of the Constitution i.e. 26.01.1950; or
  - b) who was eligible to become a citizen of India on 26.01.1950; or
  - c) who belonged to a territory that became part of India after 15.08.1947 or
  - d) who is a child or a grandchild or a great-grandchild of such a citizen:  
or
2. who is a minor child of such persons mentioned above: or

# Solution

3. who is a minor child and whose both parents are citizens of india or one of the parents is a citizen of India; or
4. spouse of foreign origin of a citizen of India or spouse of foreign origin of an overseas citizen of India cardholder registered under section 7A of the Citizenship Act, 1955, and whose marriage has been registered and subsisted for a continuous period of not less than two years immediately preceding the presentation of the application. Such spouse shall be subjected to prior security clearance by a the competent authority in India.

**Note: No person, who or either of whose parents or grandparents or great grandparents is or had been a citizen of Pakistan, Bangladesh or such other country as the Central Government may, by notification in the Official Gazette, specify, shall be eligible & for registration as an Overseas Citizen of India Cardholder.**

## ISSUE NO 12

Residential  
Status/PIO/OCI

which kind of benefits OCI Card  
Holder will get?



# Solution

Residential  
Status/PIO/OCI

▶▶ OCI card holder has many benefits, few of them listed below:

- I. Multiple entry lifelong visa for visiting India for any purpose (However, OCI Cardholders will require special permission to undertake research work in India for which they may submit the application to the Indian Mission / Post / FRRO concerned).
- II. Exemption from registration with Foreigners Regional Registration Officer (FRRO) or Foreigners Registration Officer (FRO) for any length of stay in India.
- III. Parity with Non-Resident Indians (NRIs) in respect of all facilities available to them in economic, financial, and educational fields except in matters relating to the acquisition of agricultural or plantation properties.

# Solution

Residential  
Status/PIO/OCI

- IV. Registered Overseas Citizen of India Cardholder shall be treated at par with Resident Indian nationals in the matter of tariffs in air fares in domestic sectors in India.
- V. Registered Overseas Citizen of India Cardholder shall be charged the same entry fee as domestic Indian visitors to visit national parks and wildlife sanctuaries in India.
- VI. Registered Overseas Citizen of India Cardholder shall be treated at par with Non-Resident Indians in the matter of inter-country adoption of Indian children.
- VII. Registered Overseas Citizen of India Cardholder can pursue the following professions in India. in pursuance of the provisions contained in the relevant Acts, namely:-
  - (a) Doctors, dentists, nurses and pharmacists.

# Solution

Residential  
Status/PIO/OCI

- (b) Advocates;
- (c) Architects;
- (d) Chartered accountants;

VIII. Parity with Non-Resident Indians in the matter of appearing for the all India entrance tests such as National Eligibility cum Entrance Test, Joint Entrance Examination (Mains), Joint Entrance Examination (Advanced) or such other tests to make them eligible for admission only against any Non-Resident Indian seat or any supernumerary seat. Provided that the OCI Cardholder shall not be eligible for admission against any seat reserved exclusively for Indian citizens.

## ISSUE NO 13

Residential  
Status/PIO/OCI

OCI card holder does not have right as Normal Citizen of India, What Benefits to which OCI Cardholder is not entitled to?

# Solution

Residential  
Status/PIO/OCI

## ▶▶ The OCI Cardholder is not entitled

- to vote,
- be a member of the Legislative Assembly or Legislative Council or Parliament,
- cannot hold Constitutional posts such as President, Vice President, Judge of Supreme Court or High Court, etc.
- The OCI Cardholder shall not be entitled for appointment to public services and posts in connection with the affairs of the Union or of any State except for appointment in such services and posts as the Central Government may by special order, in that behalf, specify



**When Cancellation of OCI card  
can be done by Authority?**

# Solution

Residential  
Status/PIO/OCI

If it is found that the registration as an OCI Cardholder was obtained by means of fraud, false representation or concealment of any material fact or the registered OCI Cardholder has shown disaffection towards the constitution of India or comes under any of the provisions of section 7D of the Citizenship Act, 1955, the registration of such person will not only be cancelled forthwith but he/she will also be blacklisted preventing his/her future entry into India.

## ISSUE NO 15

Residential  
Status/PIO/OCI

Can the spouse of the eligible person apply for OCI?

# Solution

Residential  
Status/PIO/OCI

**Yes. If he/she is eligible in his/her own capacity.**

Further, spouse of foreign origin of a citizen of India or spouse of foreign origin of an Overseas Citizen of India Cardholder registered under section 7A of The Citizenship Act, 1955 and whose marriage has been registered and subsisted for a continuous period of not less than two years immediately preceding the presentation of the application can apply.

## ISSUE NO 16

Residential  
Status/PIO/OCI

Can children of parents, wherein one of the parents is eligible for OCI, can apply for OCI?

# Solution

Residential  
Status/PIO/OCI

**YES!**

# ISSUE NO 17

Residential  
Status/PIO/OCI

In what form should a person apply for OCI and where are they available?



# Solution

Residential  
Status/PIO/OCI

A family consisting of spouses and up to two minor children can apply in the same form i.e. Form XIX, which can be filed online or downloaded from website of various embassy of Government of India



## ISSUE NO 18

Residential  
Status/PIO/OCI

Can application form be filled and submitted online for OCI?



# Solution

Residential  
Status/PIO/OCI

Yes. Part A of the application form can be filed online. Part B can be Downloaded and printed on computer or by hand in Block letters. Printed Part A and Part B of the application form has to be submitted to the Indian Mission Post/Office.

# ISSUE NO 19

Residential  
Status/PIO/OCI

What documents have to be attached with the application for OCI?



# Solution

## Residential Status/PIO/OCI

The following documents shall be enclosed for each applicant:

1. Proof of present citizenship,
2. Evidence of self or parents or grandparents -
  - (a) being eligible to become a citizen of India at the time of commencement of the Constitution; or
  - (b) Belonging to a territory that became part of India after 15th August 1947; or
  - (c) Being a citizen of India on or after 26th January, 1950. These could be:
    - I. Copy of the Passport; or
    - II. Copy of the Domicile certificate issued by the competent authority; or
    - III. Any other proof
3. Evidence of relationship as parent/grandparent, if their Indian origin is claimed as basis for grant of OCI.
4. Application fee by way of Demand Draft (US \$275 for each applicant or equivalent in local currency; US \$25 or equivalent in local currency for each PIO cardholder)
5. PIO cardholder should submit a copy of his/her PIO card.

## Where to submit the application?



# Solution

Residential  
Status/PIO/OCI

To the Indian Mission/Post of the country of citizenship of the applicant. If the applicant is not in the country of citizenship, to the Indian Mission/Post of the country where he is ordinarily residing. If the applicant is in India, to the FRRO Delhi, Mumbai, Kolkata or Amritsar or to CHIO, Chennai or to the Under Secretary, OCI Cell, Citizenship section, Foreigners Division, Ministry of Home Affairs (MHA), Jaisalmer House, 26, Mansingh Road, New Delhi- 110 011.



## ISSUE NO 21

Residential  
Status/PIO/OCI

What is the time taken for  
registration as OC?

# Solution

Residential  
Status/PIO/OCI

Within 30 days of the application, if there is no adverse information available Against the applicant. If any adverse information is available against the applicant, the decision to grant or otherwise is taken within 120 days.



## ISSUE NO 22

Residential  
Status/PIO/OCI



What is the application fee payable for registration as OCI cardholder?

# Solution

Residential  
Status/PIO/OCI

In case of application submitted in Indian Mission/ Post abroad - By way of Demand Draft for US \$275 for each applicant or equivalent in local currency.

In case application is submitted in India - a fee of Rs.15,000/- by way of Demand Draft drawn in favour of "Pay and Accounts Officer (Secretariat), Ministry of Home Affairs" payable at New Delhi

# Return of Income

## ISSUE NO 1

After filing the income tax return, how can NRI verify the return?



# Solution

Return of  
Income

▶▶ Return is valid only if it is verified, after online filing of the return  
Verification of the return can be done in one of following ways:

- a) Adhaar OTP authentication (if Aadhar and PAN is linked)
- b) Through Digital signature of return filer
- c) Through online Banking
- d) Via sending physical signed copy of ITRV to Bangalore  
CPC unit of Income Tax department within 30 days of filing  
the online return.

# ISSUE NO 2

Return of  
Income

## Can NRI file the return after the due date?



# Solution

Return of  
Income

One can file the return after the due date but before December 31 of the relevant assessment year. However, late fees as per section 234F of Rs. 5,000 of Income tax Act 1961 to be paid, if taxable income is exceeding Rs.5,00,000/- otherwise Rs.1,000/- to be paid as late fees.

## ISSUE NO 3

Return of  
Income

What happens if you don't  
file ITR India?



# Solution

Return of  
Income

Non-filing of ITR can lead to open the assessment from IT department up to next three financial year.





**What income of Non-Resident will be taxable in India?**

# Solution

Return of  
Income

A Non-Resident is liable to tax only on that income which is earned by him in India. Income which is earned outside India is not taxable in India. Income is earned in India if -

1. It is directly or indirectly received in India; or
2. It accrues or arises in India or the law believes that it has accrued or arises in India.

**Do NRIs have to pay  
Advance Tax?**



# Solution

Return of  
Income

- ▶▶ Yes, If tax liability exceeds Rs. 10,000 in a financial year.
- ▶▶ Interest under Section 234B & 234C of Income Tax Act 1961 applicable for delay in payment.

## ISSUE NO 6

Return of  
Income

Whether provisions of clubbing of income will be applicable in case of transfer of income without transfer of asset?

# Solution

Return of  
Income

If an individual transfer income from an asset owned by him without transferring the asset from which the income is generated, then the income from such an asset is taxed in the hands of the transferor (i.e., person transferring the income).

## ISSUE NO 7

Return of  
Income

Tax Rate applicable on Sale of  
Units of UTI/MF to “Overseas  
Financial Organization”?

# Solution

Return of  
Income

10% tax on Income & LTCG will be applicable on the Sale of Units of UTI/MF.



## ISSUE NO 8

Return of  
Income

Mr. X is having Government Job in UK and he stay in India in connection with his Training in any Government Office. Whether Remuneration receives during his stay in India is Taxable?

# Solution

Return of  
Income

Remuneration received as an employee of the Government of a Foreign State during his stay in India in connection with his training in any Government Office/Statutory Undertaking/Corporation/ Registered Society will be EXEMPT not being a citizen of India ( Sec 10(6)(xi))

## ISSUE NO 9

Return of  
Income

Is Income from assets held outside  
India taxable for a Returning  
India?

# Solution

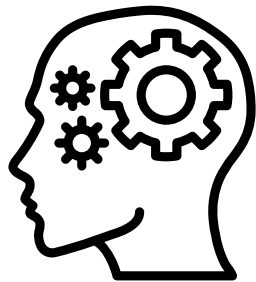
Return of  
Income

Income earned from assets held outside India by a Returning Indian will not be taxable till his residential status will be RNOR under the IT Act.

## ISSUE NO 10

Return of  
Income

What additional points you have to keep in mind while filing return as NRI?



# Solution

Return of  
Income

**Following Additional Points to be kept in mind while filing the return as NRI**

- Disclose details of ALL Indian bank accounts (including NRE) in the ITR (name of bank, account number, IFSC Code),
- Disclose all income correctly - including tax-free income such as interest on NRE account,
- In case of capital gains on the sale of inherited property, the date of purchase and cost in the hands of the previous owner will be deemed to be the date of purchase and cost.
- Most of the income would be reported by various agencies to the IT Department already. This would be disclosed in your Form AIS which can be downloaded by you from the IT portal.

# Solution

Return of  
Income

- Ensure that each item in the AIS matches with your computation of income
- Ensure that the tax credit (for TDS / TCS etc) is also matching with Form 26AS and AIS
- Ensure that your address, your email ID, your phone number as per your ITR match with your information on the IT portal. If there is a mismatch, please get the wrong one corrected ASAP
- Check your emails regularly for notices / reminders / notifications from the IT department

# Type of bank Account for NRIs

## ISSUE NO 1



What are the major accounts that can be opened in India by a non-resident?





# Solution

## Type of bank Account for NRIs

▶▶ There are three types of non-resident accounts that can be opened by NRIs in India as per Foreign Exchange Management (Deposit) Regulation, 2016 ("Deposit Regulation")

1. As per Schedule 1- Non-Resident (External) Rupee Account - NRE
2. As per Schedule 2- Foreign Currency Non-Resident (Bank) Account- FCNR(B)
3. As per Schedule 3- Non-Resident (Ordinary) Rupee Account - NRO

## ISSUE NO 2

Type of bank  
Account for NRIs

Can NRE account be held  
Jointly?

# Solution

## Type of bank Account for NRIs

**Yes**, it can be held jointly in the names of two or more NRIs/ PIOs.

NRIs/ PIOs can hold jointly with a resident relative on 'former or survivor' basis (relative as defined in Companies Act, 2013). The resident relative can operate the account as a Power of Attorney holder during the life time of the NRI/ PIO account holder.

## ISSUE NO 3

Type of bank  
Account for NRIs

Loan against the balance in NRE  
account is available for NRI in  
India?

# Solution

## Type of bank Account for NRIs

Authorised Dealer Bank ("AD") can sanction loans in India to the account holder/ third parties without any limit, subject to usual margin requirements. These loans cannot be repatriated outside India and can be used in India only for the purposes specified in the regulations.

In case of loans sanctioned to a third party, there should be no direct or indirect foreign exchange consideration for the non-resident depositor agreeing to pledge his deposits to enable the resident individual/ firm/ company to obtain such facilities.

In case of the loan sanctioned to the account holder, it can be repaid either by adjusting the deposits or through inward remittances from outside India through banking channels or out of balances held in the NRO account of the account holder.

The facility for premature withdrawal of deposits will not be available where loans against such deposits are availed of.

The term "loan" shall include all types of fund based/ non-fund based facilities.

## ISSUE NO 4

Type of bank  
Account for NRIs

Loan against the balance in NRE account is available for NRI outside India?

# Solution

Type of bank  
Account for NRIs

Authorised Dealers may allow their branches/ correspondents outside India to grant loans to or in favour of non-resident depositor or to third parties at the request of depositor for bona fide purpose against the security of funds held in the NRE/ FCNR (B) accounts in India, subject to usual margin requirements.

The term "loan" shall include all types of fund based/ non-fund based facilities

## ISSUE NO 5

Type of bank  
Account for NRIs

Can NRE account be operated by Resident Indian on Behalf of NRI by taking Power of Authority?



# Solution

Type of bank  
Account for NRIs

Operations in the account in terms of Power of Attorney is restricted to withdrawals for permissible local payments or remittance to the account holder himself through normal banking channels.

## ISSUE NO 6

Type of bank  
Account for NRIs

Whether Returning Indians are allowed to keep balances held in NRE a/c on their return to India? (Status is changing from NRI to RI)

# Solution

Type of bank  
Account for NRIs

It shall be noted that Returning Indians are required to re-designate their NRE a/c to Resident a/c or transfer funds to RFC a/c immediately on their return to India.

## ISSUE NO 7

Type of bank  
Account for NRIs

Loan against the balance in NRO  
account is available for NRI in  
India?

# Solution

## Type of bank Account for NRIs

- Loans against the deposits can be granted in India to the account holder or third party subject to usual norms and margin requirement. The loan amount cannot be used for relending, carrying on agricultural/ plantation activities or investment in real estate.
- The term “loan” shall include all types of fund based/ non-fund based facilities.

## ISSUE NO 8

Type of bank  
Account for NRIs

Loan against the balance in NRO  
account is available for NRI  
outside India?

# Solution

Type of bank  
Account for NRIs

No, Loan outside India is not  
permissible for NRO account



## ISSUE NO 9

Type of bank  
Account for NRIs

Can NRO account be operated  
by Resident Indian on Behalf of  
NRI by taking Power of  
Authority?



# Solution

## Type of bank Account for NRIs

Operations in the account in terms of Power of Attorney is restricted to withdrawals for permissible local payments in rupees, remittance of current income to the account holder outside India or remittance to the account holder himself through normal banking channels. While making remittances, the limits and conditions of reparability will apply.

## ISSUE NO 10

Type of bank  
Account for NRIs

Whether Returning Indians are allowed to keep balances held in NRO a/c on their return to India? (Status is changing from NRI to RI)

# Solution

## Type of bank Account for NRIs

- NRO accounts may be designated as resident accounts on the return of the account holder to India for any purpose indicating his intention to stay in India for an uncertain period.
- Likewise, when a resident Indian becomes a person resident outside India, his existing resident account should be designated as NRO account.

## ISSUE NO 11

Type of bank  
Account for NRIs

# Who can Open the FCNR Account?



# Solution

Type of bank  
Account for NRIs

NRIs and PIOs can open the FCNR account. However, individuals / entities of Bangladesh and Pakistan requires prior approval of RBI.

## ISSUE NO 12

Type of bank  
Account for NRIs

What are the types of income and maximum amount of income that NRIs/PIOs are eligible for repatriation?

# Solution

## Type of bank Account for NRIs

Sr. No (A)	What can be repatriated (B)	Limit for repatriation (C)
i)	Current income like interest, rent, dividend distribution from any type of Mutual Funds and Shares and securities, profits of business as partner/ proprietor	No limit
ii)	Capital funds held in NRO a/c from sale proceeds of investment in Mutual Funds, Shares, Immovable property, including inheritance and bank balances	USD 1 million per Financial Year
iii)	a) Proceeds received on sale of immovable property, acquired earlier in foreign exchange.  b) Sale proceeds are more than amount paid in foreign exchange for acquisition of immovable property	Amount paid for acquisition of immovable property or repayment of housing loans through foreign inward remittance or funds held in FCNR a/c or NRE a/c is permitted to be freely repatriated. However, In case of residential property acquired by way of inward remittance, repatriation of sale proceeds is restricted to not more than two such properties. Such excess amount/proceeds from sale of more than two residential property is permitted to be repatriated under (ii) above i.e. under USD 1 million per financial year.

## ISSUE NO 13

Type of bank  
Account for NRIs

Whether NRI can remit outside India beyond the limits specified in above table?



# Solution

Type of bank  
Account for NRIs

**Yes.** One may have to apply to RBI for special permission to repatriate above USD 1 million. RBI may grant permission for medical purpose, education, home purchase or similar requirements at their discretion.

## ISSUE NO 14

Type of bank  
Account for NRIs

What documents are required to be submitted to AD Bank by NRI to remit funds from his/her NRO a/c to his/her NRE a/c?

# Solution

## Type of bank Account for NRIs

- NRI is typically required to submit following documents to AD Bank for remittance of funds from his/her NRO a/c to NRE a/c:
- Form 15CA - Self Declaration by remitter of funds (NRI)
- Form 15CB - Chartered Accountant's Certificate for certifying the appropriateness of taxes deducted/paid (if applicable)
- FEMA Declaration and Transfer Request
- Documentary proof of sources of funds and payment of applicable taxes
- Signed blank cheque (as per requirements of certain banks)
- Any other documentary proof requested by AD Bank

## ISSUE NO 15

Type of bank  
Account for NRIs

What documents are required to be submitted to AD Bank by NRI to remit funds from his/her NRO a/c to his/her overseas a/c?

# Solution

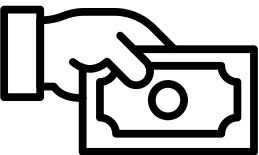
## Type of bank Account for NRIs

- NRI is typically required to submit following documents to AD Bank for remittance of funds from his/her NRO a/c to overseas bank a/c:
- Form 15CA - Self Declaration by remitter of funds (NRI)
- Form 15CB - Chartered Accountant's Certificate for certifying the appropriateness of taxes deducted/paid (if applicable)
- Form A2 and Outward Remittance Form
- Documentary proof of sources of funds and payment of applicable taxes
- Signed blank cheque (as per requirements of certain banks)
- Any other documentary proof requested by AD Bank

# Asset, Wealth, Investment

## ISSUE NO 1

Can a Non-resident Indian (NRI) and an Overseas Citizen of India (OCI) purchase immovable property in India? If yes then from Whom he/ she can purchase property?



# Solution

## Asset, Wealth, Investment

Yes, a Non-resident Indian (NRI) and an Overseas Citizen of India (OCI) purchase immovable property in India. He/ she can acquire property from Resident/ NRI/ OCI. However, NRI or OCI cannot purchase agricultural land, Plantation property, or farm house in India.

## ISSUE NO 2

Asset, Wealth,  
Investment

Can a Non-resident Indian (NRI) and an Overseas Citizen of India (OCI) acquire immovable property in India by way of gift?





# Solution

Asset, Wealth,  
Investment

**Yes,** Non-resident Indian (NRI) and an Overseas Citizen of India (OCI) can acquire immovable property as gift in India from Resident/ NRI/ OCI who is relative immovable property in India. However, NRI or OCI cannot acquire agriculture land, Plantation property or farm house as gift in India.

## ISSUE NO 3

Asset, Wealth,  
Investment

Can NRI/PIO have a loan to  
acquire property In India?



# Solution

Asset, Wealth,  
Investment

NRI/PIO can take loan to acquire property against the security of funds held with his/ her NRE Fixed deposit account /FCNR(B) account.

## ISSUE NO 4

Asset, Wealth,  
Investment

Can NRI have two separate trading account for his/her respective NRE and NRO account?

# Solution



Asset, Wealth,  
Investment

**Yes,** NRI can have two separate trading accounts based on NRE & NRO.

## ISSUE NO 5

Asset, Wealth,  
Investment

Does NRI need any RBI permission to open demat account with AD bank?



# Solution

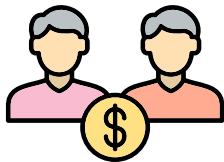
Asset, Wealth,  
Investment

No permission is required from RBI to open a demat account. However, credits and debits from demat account may require general or specific permissions as the case may be, from designated AD Banks.

## ISSUE NO 6

Asset, Wealth,  
Investment

Can an NRI and person resident in India have a joint demat account?





# Solution

Asset, Wealth,  
Investment

**Yes.** For the purpose of determining ownership of holding, the first holder is taken into account. Hence, even though other joint holders may be persons resident in India, the sale proceeds of such securities can be repatriated in case the first holder is permitted to repatriate funds.

## ISSUE NO 7

Asset, Wealth,  
Investment

Can NRI subscribe to public issues?  
What are the permissions/approvals  
required?



# Solution

Asset, Wealth,  
Investment

**Yes.** The issuing company is required to issue shares to NRI on the basis of specific or general permission from Government of India/ RBI. Therefore, individual NRI need not obtain any permission.

## ISSUE NO 8

Asset, Wealth,  
Investment

Does an NRI require any permission to receive bonus/rights shares?



# Solution

Asset, Wealth,  
Investment

**No.** NRI need not take any permission to receive bonus/ right shares. FEMA provisions allow Indian companies to issue Rights / Bonus share to existing non-resident shareholders, subject to adherence to sectoral cap as may be applicable.

Is RBI permission required by Recent Immigrants for retaining their Indian assets after they leave India?



# Solution

Asset, Wealth,  
Investment

No, RBI permission is not required

A large, stylized graphic of the word "NO!" in red, 3D block letters with black outlines and drop shadows. The letters are bold and expressive, with the exclamation point being particularly prominent.

## ISSUE NO 10

Asset, Wealth,  
Investment

What happens on maturity of his PPF a/c (if he is an NRI)?





# Solution

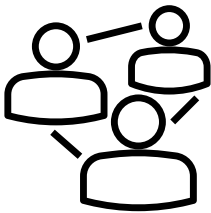
Asset, Wealth,  
Investment

Non-Resident is not eligible for extension on PPF a/c. Hence, at time of maturity Non-Resident is required to withdraw balance from the PPF a/c and transfer to NRO a/c. There is no tax implication in India on maturity of PPF a/c. However, non-resident shall have to check the tax implications of such maturity in his resident country and applicable DTAA provisions.

## ISSUE NO 11

Asset, Wealth,  
Investment

Can relative of NRI take actions on behalf of NRI while he is outside India?



# Solution

Asset, Wealth,  
Investment

**Yes**, relative can act as long as NRI has given a general/ specific power of attorney (POA) to take certain authorized actions on NRI's behalf while he/she is outside India.

## ISSUE NO 12

Asset, Wealth,  
Investment

Can a customer deposit 4300 USD  
in two or three banks and thereby  
skip submitting the Currency  
Declaration Form?



# Solution

## Asset, Wealth, Investment

- A person coming to India from abroad can bring foreign exchange without any limit. However, if aggregate value of foreign currency alone exceeds USD 5,000 or its equivalent, it should be declared to Customs Authorities at the Airport in Currency Declaration Form (CDF) on arrival in India.
- RBI may penalize if there is any contravention or deficiency in compliances, monitoring mechanism of the AD Bank. Accordingly, AD Bank should take appropriate actions while depositing foreign currency into customer's bank account.

## ISSUE NO 13

Asset, Wealth,  
Investment

In the above question, what would be your answer if Mr. A wishes to sell such property for Rs. 18 Crore in the year 2019? Will it fall under USD 1 Million Scheme?



# Solution

Asset, Wealth,  
Investment

In the given scenario, out of the sale proceeds of Rs. 18 Crore, Rs. 10 Crore (acquisition cost out of inward remittance from USA bank) shall be freely repatriable outside India without any limit. For repatriation of funds over and above the acquisition cost of Rs. 10 Crore i.e. Rs. 8 Crore, Mr. A can repatriate the same outside India subject to USD 1 Million Scheme.

Can a Resident Indian invest in USA in CD, MF, share, and real estate?





# Solution

## Asset, Wealth, Investment

CD- CDs may be issued to all persons resident in India. CDs shall be issued only in dematerialized form and held with a depository registered with Securities and Exchange Board of India. CDs shall be issued in minimum denomination of Rs.5 lakh and in multiples of Rs.5 lakh thereafter.

MF- One can invest in the US stock market directly by opening an overseas trading account with a domestic or foreign broker.

Shares- There is no citizenship requirement for owning stocks of American companies. While U.S. investment securities are regulated by U.S. law, there are no specific provisions that forbid individuals who are not citizens of the U.S. from participating in the U.S. stock market.

# Thanks!

## RINKESH SHAH

*[CA, CS , Dip in IFRS (ACCA UK), Cert. in Ind AS(ICAI),Independent Director, B.COM]*

MANAGING PARTNER

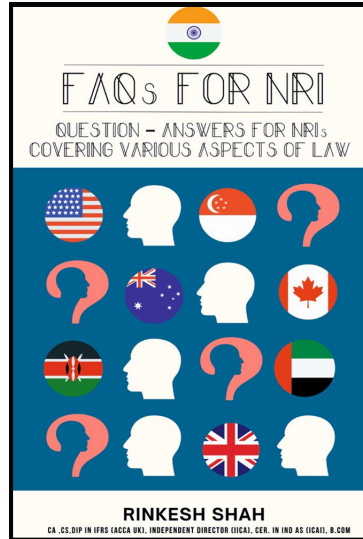
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The poster features the Indian national flag at the top. Below it, the text reads 'FAQs FOR NRI' in a stylized font, followed by 'QUESTION - ANSWERS FOR NRIs COVERING VARIOUS ASPECTS OF LAW'. The central part of the poster is a blue grid containing 16 circular icons: 12 national flags (USA, Singapore, Australia, Canada, Kenya, UAE, UK) and 4 question mark icons, all set against white silhouettes of human heads. At the bottom, the name 'RINKESH SHAH' is displayed in bold, with his qualifications 'CA, CS, DIP IN IFRS (ACCA UK), INDEPENDENT DIRECTOR (ICAI), CERT. IN IND AS (ICAI), B.COM' listed in smaller text below.

**RINKESH SHAH**

CA, CS, DIP IN IFRS (ACCA UK), INDEPENDENT DIRECTOR (ICAI), CERT. IN IND AS (ICAI), B.COM