

## **REMITTANCE OF FUNDS / ASSETS OUTSIDE INDIA**

Non Resident Indian are permitted to remit outside India various incomes and principal amount which were hitherto non repatriable. These are :

### **1.Repatriation of hitherto non-repatriable income such as rent, interest from NRO; interest from loans / deposits etc.**

1. Foreign Exchange Regulations Act, 1973 had clear instructions and procedures laid down for repatriation of almost all incomes arising in India which were non-repatriable. These included rental income, interest from firms, share of partnership firms, interest on debentures etc.
2. Foreign Exchange Management Act, 1999 had not provided for a specific clause in this regards, although the provisions of "Permissible Debits" under Foreign Exchange Management (Deposit) Regulations, 2000 clearly mention "remittance outside India of current income in India of the account holder net of applicable taxes".
3. Hon'ble Finance Minister while presenting the Union Budget, 2002-03 in his Budget Speech has proposed that " NRIs will be free to repatriate in foreign currency their current earnings in India such as rent, dividend, pension, interest and the like based on appropriate certification.
4. Subsequently, the Reserve Bank of India vide A.P. (DIR) Series Circular No. 45 dated. 14th May, 2002 has clarified / instructed bankers to allow repatriation of current income like rent, dividend, pension, interest etc. of NRIs who may not be maintaining NRO account. For the said purpose, the Reserve Bank of India has prescribed for the bankers to obtain :
  - i. (i)Appropriate certificate of Chartered Accountant certifying eligibility of proposed remittance, and
  - ii. (ii)Further, certifying that applicable taxes have been paid / provided for.

### **2.Sale proceeds of house property sold at any time.**

1. .01 Sale proceeds of house property hitherto were repatriable to the extent of foreign exchange equivalent of purchase price / cost of acquisition, provided, an NRI had purchased such property and held such property for 3 years and purchased the same out of balances held in Non Resident External (NRE) / Foreign Currency Non Repatriable (FCNR) or by way of foreign exchange remittance from abroad, provided such property was held for a minimum period of 3 years.
2. .02 The Reserve Bank of India has removed the requirement of minimum holding period of 3 years. Accordingly, every case of sale of house property irrespective of period of holding will be eligible for repatriation benefits. (of course restrictions of repatriation of 2 residential properties only continues).

If the immovable property is held for more than 10 years, then sale proceeds of such property will be eligible for repatriation upto US \$ 1mn. subject to payment of applicable taxes.

[stipulation of holding of for at least ten years is omitted w.e.f. 29.6.2002.]

### **3. Balances held in Non Resident Non Repatriable account- NRNR**

1. Hitherto the principal amount of deposit held in Non Resident Non Repatriable (NRNR) account was non-repatriable.
2. Of course, the interest amount enjoy the benefits of tax exemptions as also repatriation.
3. W.e.f. 1st April, 2002 entire balances in NRNR account has been granted the benefit of repatriation.
4. Accordingly, proceeds of deposits maturing on or after 1st April, 2002, account holder's Non Resident External account (NRE) which may be retained as such or be transferred to Foreign Currency Non Resident account or remitted / repatriated abroad.

### **4. Facilities to NRIs/PIOs and Residents. (US \$ 1mn Scheme )**

The existing regulations permit Non-Resident Indians (NRIs) and Persons of Indian Origin (PIO) to remit up to USD one million per financial year for any bonafide purpose out of the balances in their Non-Resident Ordinary (NRO) accounts. The balance in the NRO accounts may also include the sale proceeds of immoveable property acquired by the non-resident out of her/his resources in India, or sale proceeds of property received by way of inheritance or gift.