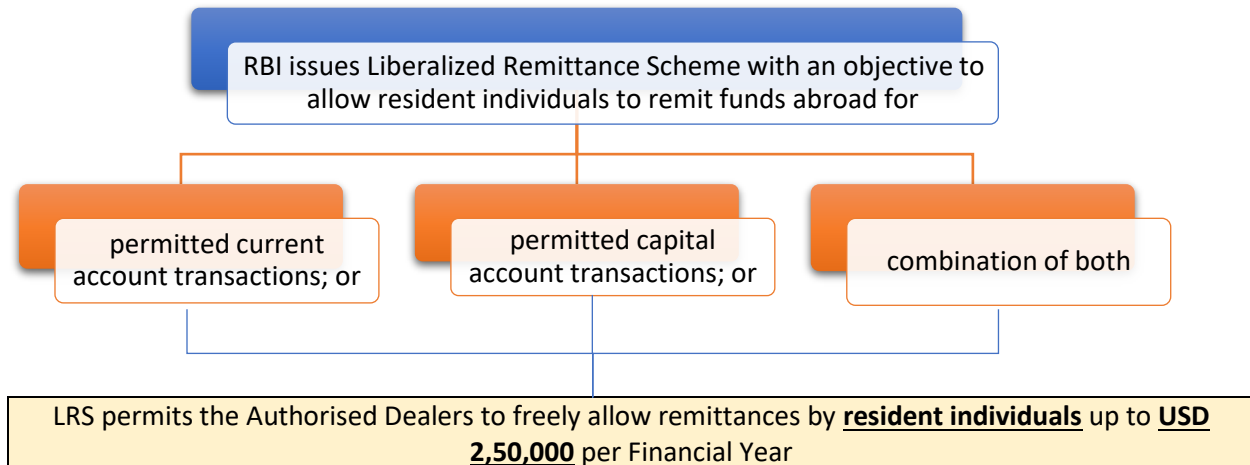


LIBERALIZED REMITTANCE SCHEME (LRS)



Remittance Facilities to Resident Individuals –



- The scheme is available only to resident individuals.
- It means scheme is not available to corporates, partnership firms, HUF, Trusts etc.
- Form A2 –
 - a) Form A2 shall be filed by resident individual with AD.
 - b) In case of remitter being a minor, the Form A2 must be signed by the minor's natural guardian.

Important points –

- 1) Remittances under the Scheme can be consolidated in respect of family members. Example, husband and wife aggregating their limit of 2,50,000 USD each may carry out any permitted transaction of amount upto 5,00,000 USD.
- 2) One resident cannot gift the limit of 2,50,000 USD to another resident.

Permissible capital account transactions by an individual under LRS –

The following are the permissible Capital account transactions under LRS:

- Opening of foreign currency account abroad with a bank outside India
- Purchase of property abroad
- Investments in shares, securities, mutual funds, etc abroad
- Setting up wholly owned subsidiaries (WOS) and Joint Venture (JV) abroad for bonafide business subject to stipulated terms and conditions
- Acquisition of qualification shares

- Extending loans in INR to NRIs who are relatives as defined in Companies Act, 2013

Permissible Current Account Transactions by an individual under LRS –

The following are permissible current account transactions under LRS:

Type of transaction	Limits
Private visit (other than Nepal & Bhutan)	<ul style="list-style-type: none"> • Resident individual can obtain foreign exchange up to an aggregate amount of USD 2,50,000, from an Authorised Dealer, in any one financial year • Number of visits does not matter
Gift or Donation	Any resident individual may remit up-to USD 2,50,000 in one Financial Year as gift to a person residing outside India or as donation to an organization outside India.
Going outside India for employment	A person going abroad for employment can draw foreign exchange up to USD 2,50,000 per Financial Year from any Authorised Dealer in India.
Emigration	<p>A person wanting to emigrate can draw foreign exchange from AD Category I bank –</p> <p style="text-align: center;">Upto 2,50,000 USD Or Amount prescribed by the country of emigration</p> <p style="text-align: center;">⇓</p> <p style="text-align: center;">Whichever is higher</p>
Maintenance of close relatives abroad	A resident individual can remit up-to USD 2,50,000 per Financial Year towards maintenance of close relatives.
Business trip	<ul style="list-style-type: none"> • For business trips to foreign countries, resident individuals can avail of foreign exchange up to USD 2,50,000 in a Financial Year • Number of visits does not matter
Medical treatment abroad	<ul style="list-style-type: none"> • Authorised Dealers may release foreign exchange up to an amount of USD 2,50,000 without any estimation from the doctor. • In case of higher amount, authorised dealer may release amount after receiving estimation from doctor in India / foreign • amount up to USD 250,000 per financial year is allowed to attendant also.
Facilities available to students for pursuing their studies abroad	<ul style="list-style-type: none"> • AD may release foreign exchange up to USD 2,50,000 to resident individuals for studies abroad without any estimation from the foreign University • In case of higher amount, authorised dealer may release amount after receiving estimation from foreign university

Note –

Release of foreign exchange in excess of USD 2, 50,000, requires prior permission from the Reserve Bank of India.

Documentation by the remitter –

- The resident individual should carry out all the transactions under LRS through AD.

- It means all the remittances shall be made through authorized dealer.
- Resident individual should file Form A2 for purchase of foreign exchange under LRS.

PAN card –

- PAN card is mandatory to make remittances under LRS for capital account transactions.
- PAN card is not mandatory for remittances made for current account transactions up to USD 25,000.
- PAN card is mandatory for remittances made for current account transactions above USD 25,000.

Note –

Investor, who has remitted funds under LRS can retain, reinvest the income earned on the investments. At present, the resident individual is not required to repatriate the funds or income generated out of investments made under the Scheme.

Remittance Facilities to Persons Other Than Individuals –

Gift/donation –

Person other than individuals can remit by way of donation for creation of Chairs in reputed educational institutes.



Contribution can be made to –

- 1) Funds promoted by educational institutes; and
- 2) Technical institution or body or association in the field of activity of the donor Company.



Limits of contribution –

1% (foreign exchange earnings during the previous 3 financial years)
or
USD 5,000,000



Whichever is less

remittance in excess of the above limits shall require prior approval of the RBI.



Procedure for remittance –

Application should be forwarded to RBI along with –

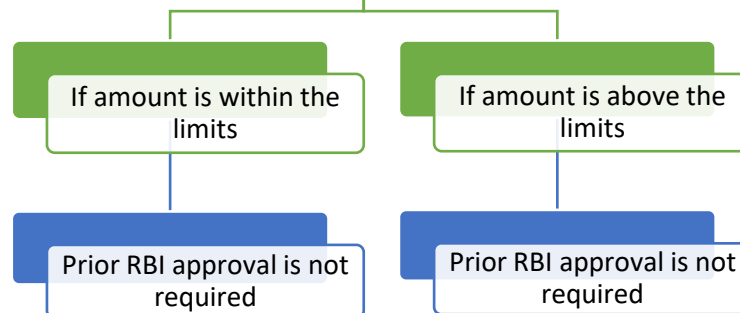
- a) details of their foreign exchange earnings during the last 3 years,
- b) brief background of the company's activities,
- c) purpose of the donation.

Commission to agents abroad for sale of residential flats or commercial plots in India –

Person other than Individuals can remit commission to agents abroad for sale of residential flats or commercial plots in India.

Limits -

USD 25,000 or 5% of the inward remittance whichever is more.



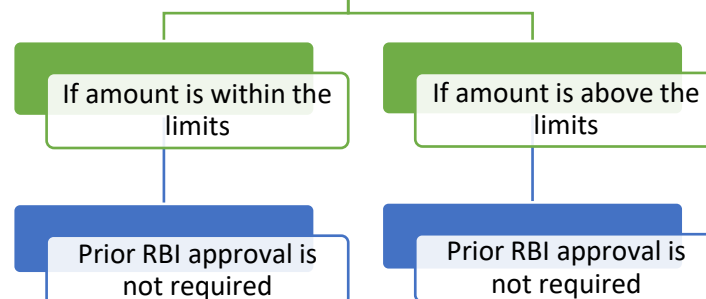
Remittances towards consultancy services –

Person other than Individuals can remit consultancy services for consultancy services procured from outside India.

Limits -

upto USD 1,00,00,000 per project for any consultancy services for infrastructure projects.

upto USD 10,00,000 per project for other consultancy services.



Remittances towards re-imbusement of pre-incorporation expenses –

- Remittances by persons other than individuals for reimbursement of pre-incorporation expenses , by an entity in India is allowed.
- If remittance exceed 5% of investment brought into India or USD 100,000 whichever is higher, the prior RBI approval is required.

Remittance towards payments of collected subscription to overseas TV media company –

AD may allow cable operators or collection agents in India of overseas TV media companies, to remit subscription collected from subscribers in India/advertisement charges collected from the advertisers who are eligible to advertise on overseas TV channels without any prior permission from the Reserve Bank.

Bids in foreign currency for projects to be executed in India –

- Person resident in India are permitted to make or to receive payments in foreign exchange, in respect of global bids.

- Central Government should authorised such projects to be executed in India.
- AD may sell foreign exchange to the concerned resident Indian company which has been awarded the contract.

Sale of overseas telephone cards –

AD may allow agents in India of the overseas organisations issuing pre-paid telephone cards to remit the sale proceeds of such cards, by deducting their commission, to the issuers of the telephone cards.

Liberalization of foreign technical collaboration agreements –

AD Category-I banks may permit drawal of foreign exchange by persons for payment of royalty and lump-sum payment under technical collaboration agreements without the approval of Ministry of Commerce and Industry, Government of India

Drawal of foreign exchange for remittance for purchase of trademark or franchise in India –

AD Category-I banks may permit drawal of foreign exchange by person for purchase of trademark or franchise in India without approval of the Reserve Bank.

Remittances for making tour arrangements by agents –

- Authorised Dealers may effect remittances at the request of agents in India who have tie-up arrangements with hotels/ agents etc., abroad.
- Remittances may be made for providing hotel accommodation or making other tour arrangements for travel from India.
- **Opening of foreign currency accounts –**
 - a) Authorised Dealer may open foreign currency accounts in the name of agents in India who have tie up arrangements with hotels/ agents
 - b) Credits to the account –**
 - collections made in foreign exchange from travellers; and
 - refunds received from outside India on account of cancellation of bookings/tour arrangements etc.
 - c) Debits to the account –**
for making payments towards hotel accommodation, tour arrangements etc., outside India.

Note –

Amount may be paid in Indian currency or foreign currency for visits abroad.

Prohibited Transactions –

- Remittance out of lottery winnings
- Remittance of income from racing / riding, etc or any other hobby
- Remittance for purchase of lottery tickets, banned / prescribed magazines, football pools, seepstakes etc.
- Payment of commission on exports made towards equity investments in JV / WOS abroad of Indian companies
- Remittance of dividend by any company to which the requirement of dividend balancing is applicable
- Payment of commission on exports under state rupee credit route except commission upto 10% of invoice value of exports of tea and tobacco
- Payment related to "call back services" of telephones

- Remittance of interest income on funds held in non-resident special rupee (account) scheme