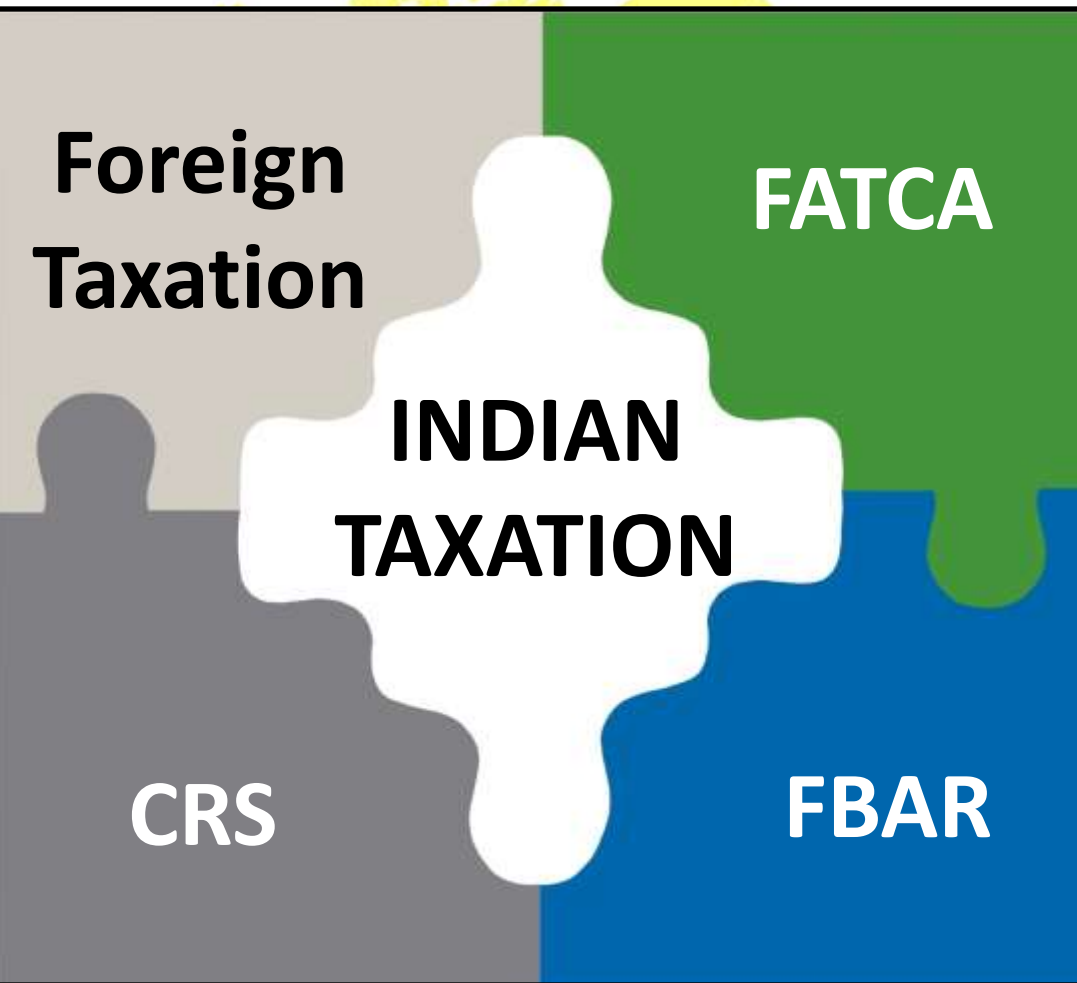
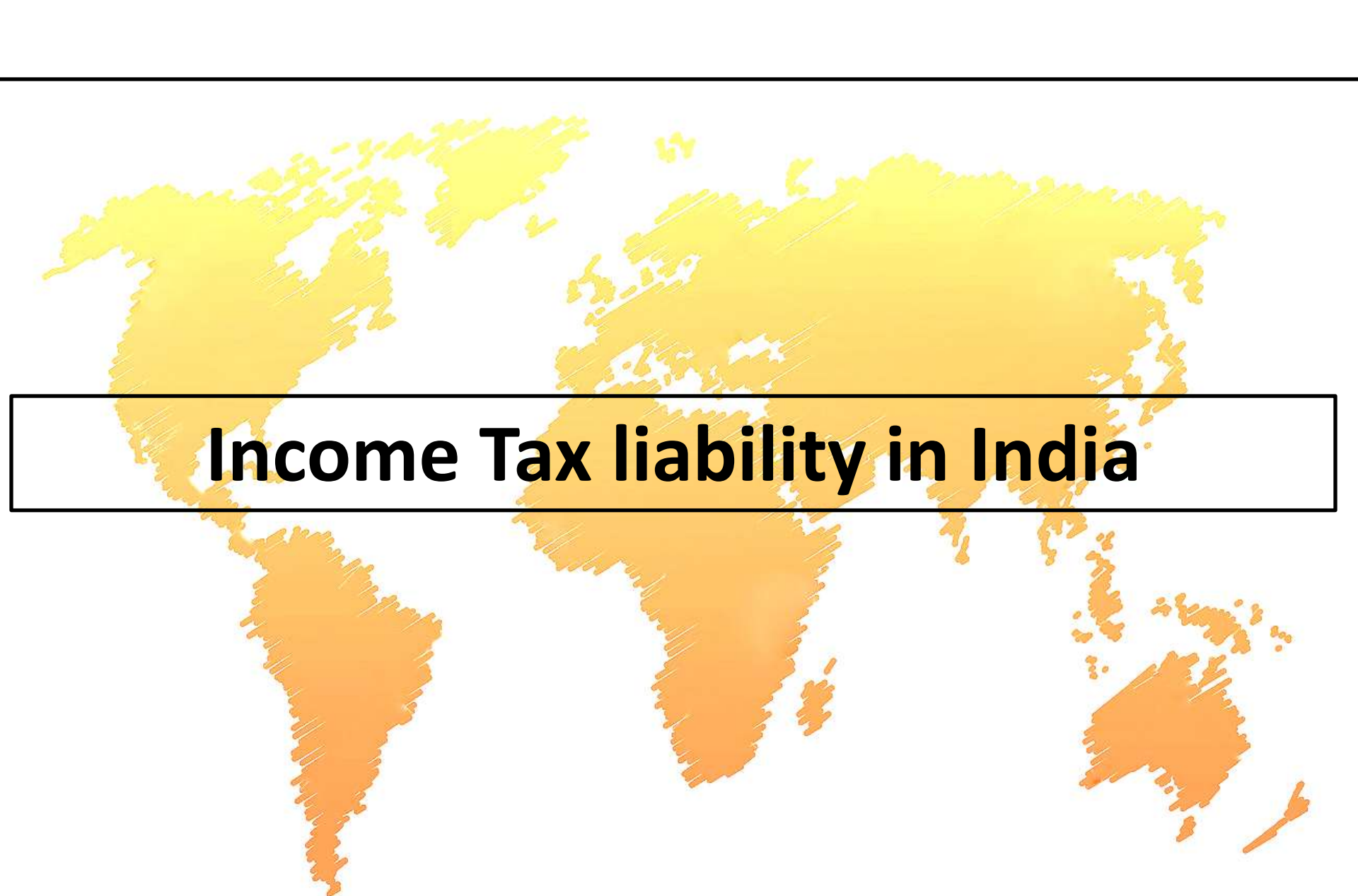




**Various kinds of
income by NRI
and
its tax implications
in India.**

**Overview of
FATCA, FBAR &
CRS.**



Income Tax liability in India

Income Tax liability in India

Under Section 6(1) of the Income Tax Act :

- ✓ An individual is resident in India, if he is in India for a period of 182 days or more in the previous year.

This definition applies to :

- i) An Indian citizen who leaves India for the purposes of employment outside India or
- ii) An Indian citizen leaving India as a member of the crew of an Indian ship or
- iii) An Indian citizen or a person of Indian origin, who has settled abroad, comes on a visit to India.

All other persons are Non Resident

Income Tax liability in India

Under Section 6(1) of the Income Tax Act :

✓ An individual is resident in India :

He is in India for a period of 60 days or more during the relevant previous year

and

365 days or more during the four years preceding that previous year.

This definition does not apply to :

- i) An Indian citizen who leaves India for the purposes of employment or
- ii) An Indian citizen leaving India as a member of the crew of an Indian ship or
- iii) An Indian citizen or a person of Indian origin, who has settled abroad, comes on a visit to India.

All other persons are Non Residents

Income Tax liability in India

For persons who are residents

Resident & Ordinarily Resident (R & O R)

- Resident in India at least 9 out of 10 previous years preceding the relevant previous year
AND
- In India for a period of 730 days or more during 7 years preceding the relevant previous year.

Resident but not Ordinarily Resident (R but N O R)

- Has been a Non Resident in India in 9 out of 10 previous years preceding that previous year
OR
- Has been in India for 729 days or less in 7 immediately preceding the relevant previous year.

✓ Person who are Non Residents do not have any reason to go into the above, bifurcation of residents.

Which Incomes of NRI are taxable in India ?

Indian Income

- ✓ Income received or accrued or arised in India.

Foreign Income

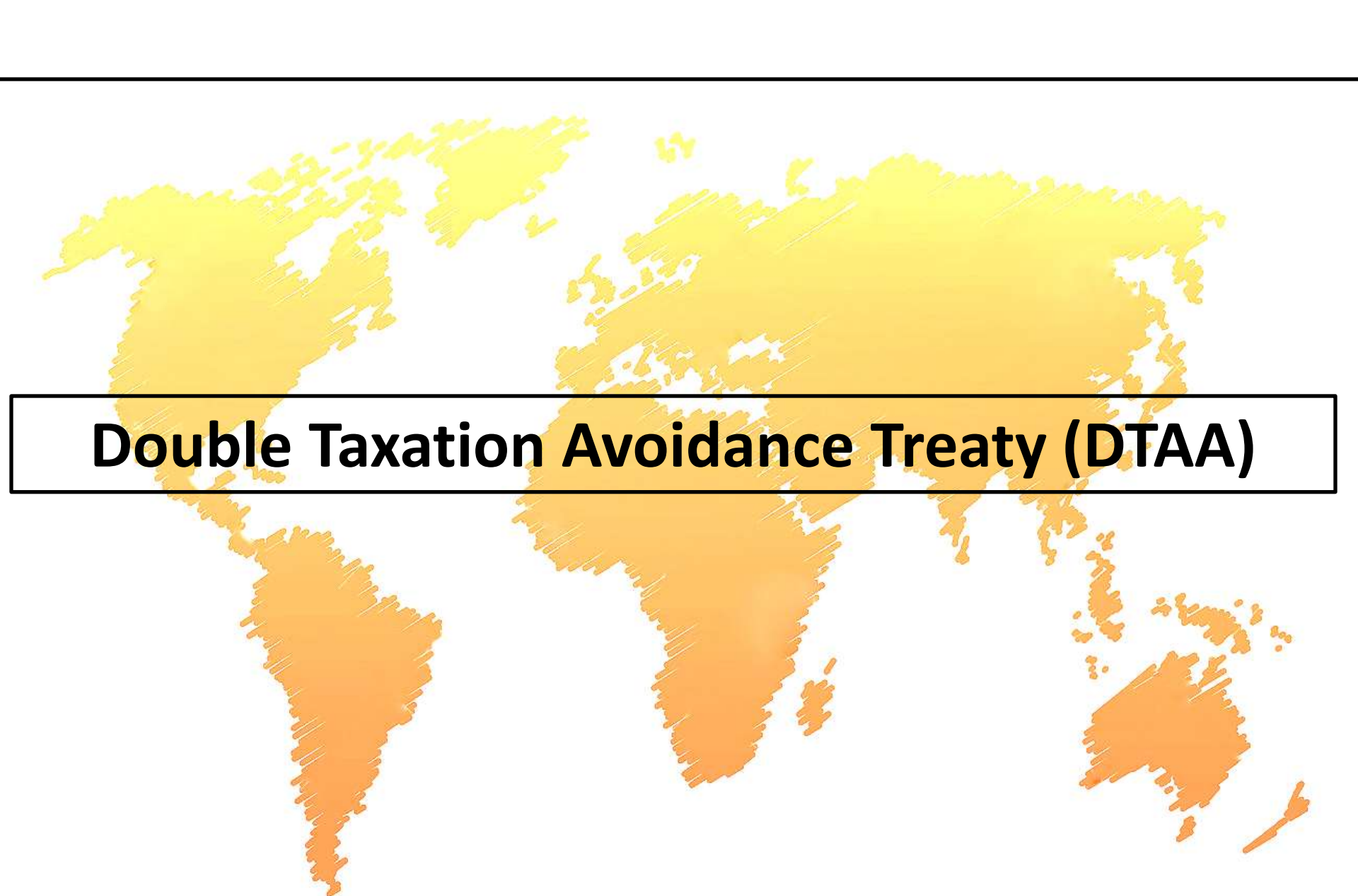
- ✓ Income not received nor accrued nor arises from India.

Exceptions:-

- 1 CBDT Circular-
Income received in Indian Bank Account for Seafarers working on ships - Foreign Income.
- 2 Pramod Kumar Sapra VS ITO 87 Taxmann 98 (Del. ITAT)

Which Incomes of NRI are taxable in India ?

Particular	Resident and ordinarily resident in India (R & OR)	Resident but not ordinarily resident in India (R but not OR)	Non-resident in India (NR)
Indian income	Taxable	Taxable	Taxable
Foreign Income	Taxable	Non Taxable	Non Taxable
Income from business or profession accruing or arising outside India, but business controlled from India or a professional setup in India.	Taxable	Taxable	Non Taxable



Double Taxation Avoidance Treaty (DTAA)

Double Taxation Avoidance Treaty (DTAA)

Basic of Taxation

(When income from more than one country)

Residence Rule

Under this rule, the country can tax persons if they are residents or domiciled in the country, regardless of the source of income. The principle of residence – based taxation of income envisages the taxation of global income.

Source Rule

Under this rule, importance is to the source (country) where income is generated. The principle of source – based taxation is to pay tax in country which provide opportunity for income generation.

✓ Person who are Non Residents do not have any reason to go into the above, bifurcation of residents.

Double Taxation Avoidance Treaty (DTAA)

What is a Double Taxation Avoidance Agreement (DTAA) ?

- ✓ Double Taxation Avoidance Agreement (DTAA) is agreements entered into between countries, between India and another foreign state. The basic objective is to avoid, taxation of income in both the countries (i.e. Double taxation of same income) and to promote and foster economic trade and investment between the two countries.
- ✓ India has DTAA with over 89 countries such as the US, the United Kingdom, the UAE, Canada, Australia, Saudi Arabia, Singapore and New Zealand, Kenya, Tanzania, South Africa, Sudan etc.

Double Taxation Avoidance Treaty (DTAA)

Principle of (DTAA)

Treaty overrides the local law. Local law or terms of the treaty whichever is beneficial shall apply to the assessee.

Examples

Tax Resident of Country	TDS Rate under DTAA on Interest income	Regular TDS Rate on Interest income
Australia	15%	30% + Surcharge
Singapore	15%	
UAE	12.5%	
United Kingdom	15%	
United States	15%	

Double Taxation Avoidance Treaty (DTAA)

Taxation of same income in two countries

Types of Relief

Bilateral Relief
U/s. 90 where
DTAA exists

Exemption Method

Tax Credit Method

Unilateral Relief
U/s. 91 where DTAA does not exist

- Indian Residents are supposed to pay tax on foreign incomes in India.

- If the said income is taxed in foreign country and there is no DTAA, then credit of taxes paid in foreign country is available in India.

- Only credit can be availed, no refund of foreign taxes is available in India.

Double Taxation Avoidance Treaty (DTAA)

✓ What can be a part of (DTAA) ?

- Scope of the Convention
- Taxes covered
- General definition
- Resident
- Permanent Establishment
- Income from Immovable Property
- Business Profit
- Shipping, Inland waterways & Air Transport
- Associated Enterprises
- Dividend
- Interest
- Royalties
- Capital Gains
- Independent Personal Services
- Dependent Personal Services
- Directors Fees and Remuneration for Top Level Managerial official

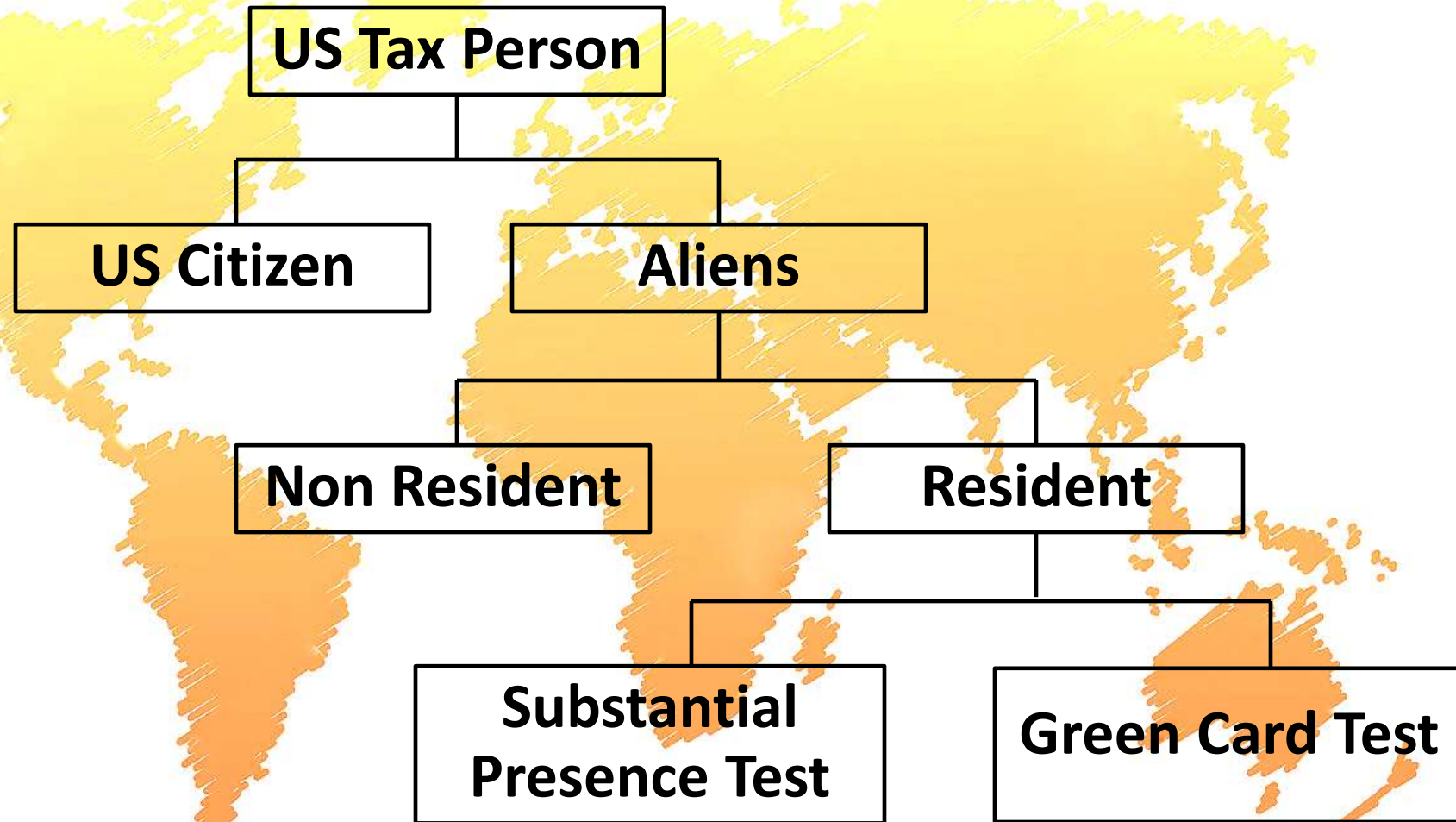
Double Taxation Avoidance Treaty (DTAA)

✓ What can be a part of (DTAA) ?

- Income earned by entertainer and athletes
- Pension and social security payments
- Remuneration and pensions in respect of government services
- Payment received by students and apprentices
- Other Income
- Capital (Tax on wealth)
- Method of elimination
- Non – Discrimination
- Mutual Agreement Procedure
- Exchange of Information
- Assistance in collection of taxes
- Diplomatic agents and Consular corps (Officers)
- Territorial Extension
- Entry into force
- Termination

Double Taxation Avoidance Treaty (DTAA)

Tax Resident of More than One Country :



Double Taxation Avoidance Treaty (DTAA)

Tax Resident of More than One Country :

Resident

Green Card Test

No matter where you live

A privilege is given by USCIS as a Lawful Permanent Resident

Substantial Present Test

Based on the time you spent in the US

At least 31 days in the current year AND 183 days during last 3 years

Double Taxation Avoidance Treaty (DTAA)

Tax Resident of More than One Country :

A person can be Tax resident of both the countries:-

- ✓ A person acquires Green Card of USA (A special status accorded by a country) and a "Tax Resident" in India.
- ✓ A person satisfies Substantial Presence Test of US Tax Law (Length of stay in a country) makes an individual Tax resident of US and he/she would be Tax "Resident" in India also.

Double Taxation Avoidance Treaty (DTAA)

Tax Resident of More than One Country :

Remedies:

- ✓ If an individual is an tax resident of more than one country, then TIE BREAKER RULE in the DTAA between both the countries will apply.
- ✓ The test specified in DTAA between US and India are as follows:
 - Place of Permanent Home, if not determinable, then Center of Vital Interest.
 - If Centre of Vital Interest cannot be determined, then Habitual Abode.

Double Taxation Avoidance Treaty (DTAA)

Tax Resident of More than One Country :

Remedies:

- ✓ The test specified in DTAA between US and India are as follows:
 - If Habitual Abode is not possible, then the State of Nationality will be applicable.
 - If Nationality is not determinable, then competent authorities of the Contracting States shall settle the question by mutual agreement.

Double Taxation Avoidance Treaty (DTAA)

Tax Resident of More than One Country :

- ✓ As per the test mentioned in DTAA, a person will be treated as resident of one country and non resident of another country for Income tax purposes.
- ✓ When the person will be treated as resident of a country, then his global income is taxable in that country (Residence Rule).
- ✓ The person will be treated as non resident in a country for income tax purpose and only income earned in that country will be taxable (Source Rule).

Double Taxation Avoidance Treaty (DTAA)

Tax Resident of More than One Country :

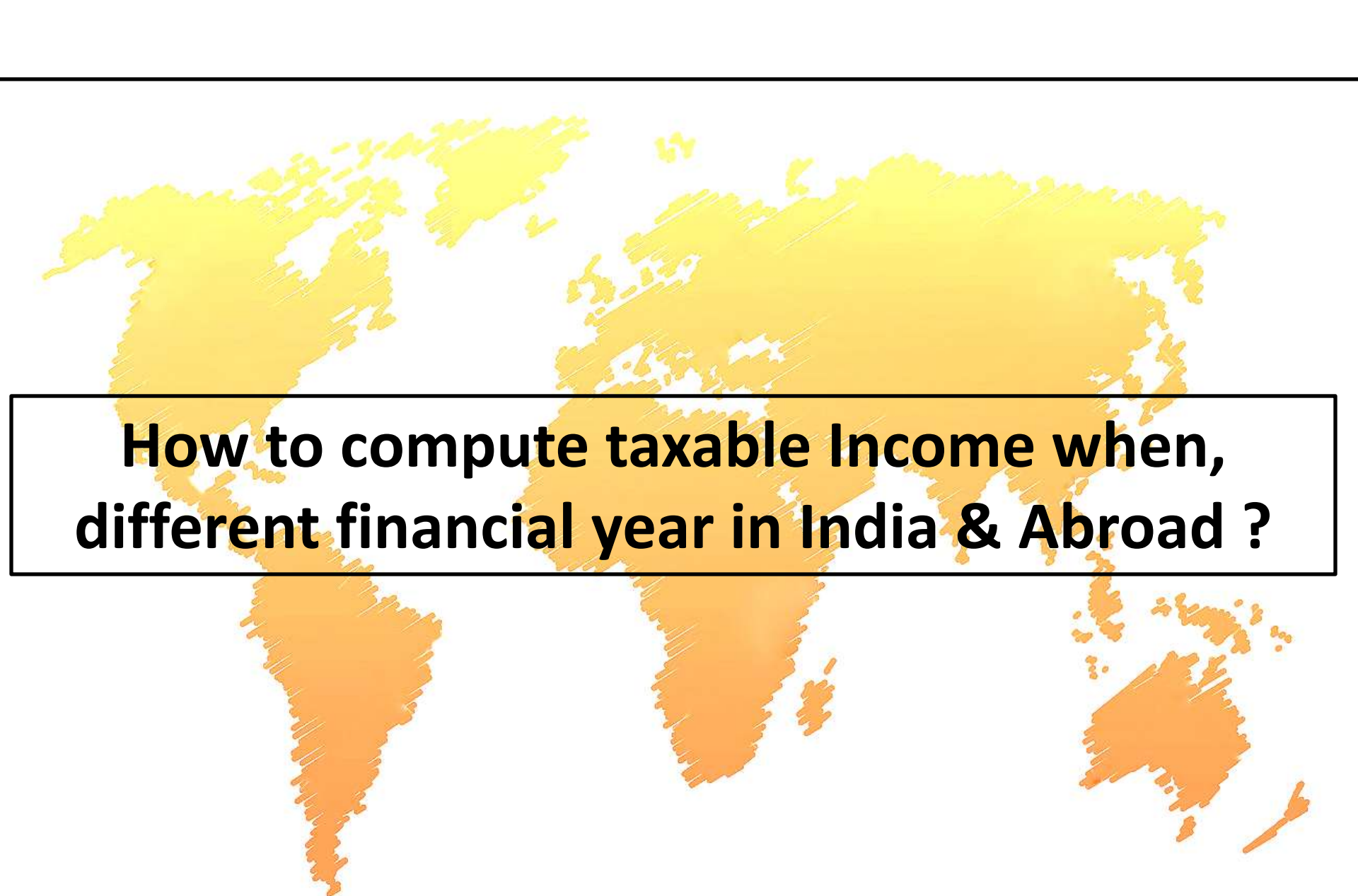
- ✓ The taxes paid as source rule will be available as credit in Resident Rule country either by exemption method or Foreign Tax credit Method as per DTAA of both the countries. In USA , credit can be taken by Foreign Tax credit method and in India, credit can be taken by any of the two methods.
- ✓ The residency status of an individual as per other regulations like Tax on gifts, Inheritance Tax etc., will be applicable as usual.

Double Taxation Avoidance Treaty (DTAA)

Tax Resident of More than One Country :

Compliance to be done in each respective countries for application of TIE BREAKER RULE, when a person "Tax Resident" of two countries at the same time.

Particular	Disclosure to be made
If person <u>elects</u> to be tax resident of <u>India</u> and non resident of <u>USA</u>	In <u>India</u> – <u>Global</u> Income Taxable In <u>USA</u> – <u>Source</u> Income Taxable (While filling return in USA along with Tax Return Form 1040 NR, Form 8833 Treaty – Based Return Position Disclosure to be filed and apply on Form no. 10FA and to obtain Tax Residency Certificate from India on Form 10FB)
If person <u>elects</u> to be tax resident of <u>USA</u> and non resident of <u>India</u>	In <u>USA</u> – <u>Global</u> Income Taxable In <u>India</u> – <u>Source</u> Income Taxable (Tax Residency Certificate to be obtained from USA by applying on Form 8802 and obtain Tax Residency Certification Form No. 6166 and submit it to Income Tax Department along with Income Tax Return in India)



How to compute taxable Income when, different financial year in India & Abroad ?

How to compute taxable Income when, different financial year in India & Abroad ?

For Instance...

- ✓ Financial Year in India is 1st April to 31st March.
- ✓ Financial Year (Tax Year) in US is 1st January to 31st December.

How to compute taxable Income when, different financial year in India & Abroad ?

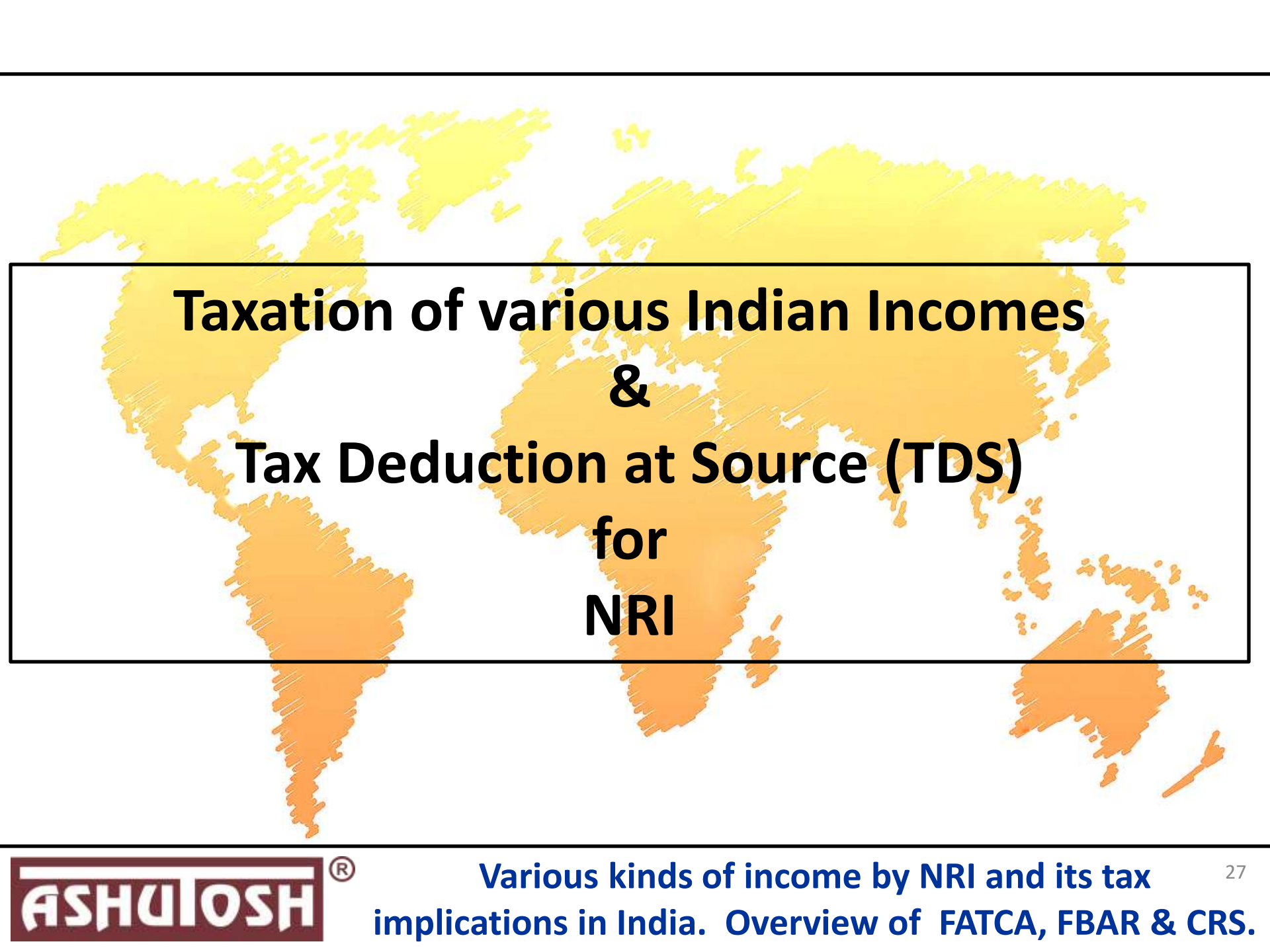
Segregating transactions in the following form :

- ✓ **From 1st January to 31st December from the bank statement / investment statement.**
- ✓ **If more transactions have been undertaken, pass entries in computerised accounting software, then segregate it on start & end date basis.**
- ✓ **We are clear about the income to be aggregated in US tax return.**

How to compute taxable Income when, different financial year in India & Abroad ?

Tax Credit of the incomes taxed in India :

- ✓ For Indian incomes between 1st January to 31st March, taxes & Returns would have been filed, credit of taxes (not any interest or penalty) on that basis.
- ✓ For Indian incomes between 1st April to 31st December, credit on the basis of withholding tax in India (TDS) or advance tax paid. These advances taxes should be towards final tax liability.



Taxation of various Indian Incomes & Tax Deduction at Source (TDS) for NRI

Taxation of various Indian Incomes & (TDS) for NRI

Sr. No.	Type of Income	Taxation levy for NRI *	TDS rate (withholding tax rate) *
01	Salaries.	At normal rate, after all deductions - including standard deduction.	At normal rates (U/s. 192).
02	Rental Income Received or Annual Letting Value (ALV) on all the house property - other than one self occupied property.	At normal rate, after deduction of 30%.	30% (U/s. 195 - any other income).

Taxation of various Indian Incomes & (TDS) for NRI

Sr. No.	Type of Income	Taxation levy for NRI *	TDS rate (withholding tax rate) *
03	Remuneration in Partnership Firm / LLP.	At normal rate.	30% (U/s. 195 - any other income).
	Interest on Capital.		
	Share in profits of partnership Firm / LLP.	Exempted U/s. 10(2A).	NIL
04	Professional Fees, Business Income.	At normal rate.	30% (U/s. 195 - any other income).

Taxation of various Indian Incomes & (TDS) for NRI

Sr. No.	Type of Income	Taxation levy for NRI *	TDS rate (withholding tax rate) *
05	Sale of Immovable Assets including Agricultural Land located within specified area.	Period of holding more than 2 years – Long Term Capital Gain.	20% (U/s. 195 – Other LTCG not covered U/s 10(33), 10(36) and 112A).
		20% Tax after indexation on Capital Gain	
		Period of holding less than 2 years – Short Term Capital Gain. At normal tax rates.	30% (U/s. 195- any other income).

TDS to be made on entire sale consideration, unless certification U/s. 195(2) (Payer) or U/s. 197 (Payee) is obtained.

Taxation of various Indian Incomes & (TDS) for NRI

Sr. No.	Type of Income	Taxation levy for NRI *	TDS rate (withholding tax rate) *
06	Sale of Listed Shares – STT paid.	Period of holding less than 1 year – Short Term Capital Gain. Capital gain @ 15%.	15% (U/s. 195 - STCG U/s 111A).
		Period of holding more than 1 year – Long Term Capital Gain. Capital gain @ 10%. Exempted up to Rs. 1,00,000.	10% (U/s. 195 – income by way of LTCG referred to in Section 112A).

Taxation of various Indian Incomes & (TDS) for NRI

Sr. No.	Type of Income	Taxation levy for NRI *	TDS rate (withholding tax rate) *
07	Mutual Fund Investments. ▪ Equity Oriented.	Period of holding less than 1 year – Short Term Capital Gain. Short Term Capital Gain @15% (U/s. 111A).	15% (U/s. 195 - STCG U/s 111A).
		Period of holding more than 1 year – Long Term Capital Gain. Capital gain @ 10%. Exempted upto Rs. 1,00,000.	10% (U/s. 195 – income by way of LTCG referred to in Section 112A).

Taxation of various Indian Incomes & (TDS) for NRI

Sr. No.	Type of Income	Taxation levy for NRI *	TDS rate (withholding tax rate) *
08	Mutual Fund Investments. ■ Not equity Oriented.	Period of holding less than 3 years – Short Term Capital Gain. At normal rates.	30% (U/s. 195 – Any other income).
		Period of holding more than 3 years – Long Term Capital Gain. Capital gain @ 20% with Indexation (<u>Listed</u>) U/s. 112(1)(C)(ii)	20% (U/s. 195 – Other LTCG not covered U/s 10(33), 10(36) and 112A).
		Period of holding more than 3 years – Long Term Capital Gain. Capital gain @ 10% without Indexation (<u>Unlisted</u>). (U/s. 112(1)(C)(iii)).	10% (U/s. 195 – income by way of LTCG referred in Section 115E or Section 112(1)(c)(iii)).

Taxation of various Indian Incomes & (TDS) for NRI

Sr. No.	Type of Income	Taxation levy for NRI *	TDS rate (withholding tax rate) *
09	Interest income on Bank Deposits (NRO A/c).	At normal rates.	30% (U/s. 195 - any other income).
10	Interest on Private Deposits		
11	Interest Income on Small Savings Schemes.		

Taxation of various Indian Incomes & (TDS) for NRI

* Additional levies to the above tax rates

- For Incomes Rs. 50 lakh or less. : Health and Education Cess (HEC) @ 4%.
- For Incomes more than Rs. 50 lakh but less than Rs. 1 Cr. : First add Surcharge @ 10% and then on the total of tax and surcharge a further levy of 4%.
- For Incomes more than Rs.1 Cr but less than Rs.2 Cr : First add Surcharge @ 15% and then on the total of tax and surcharge a further levy of 4%.

Taxation of various Indian Incomes & (TDS) for NRI

* Additional levies to the above tax rates

- For Incomes more than Rs.2 Cr but less than Rs.5 Cr : First add Surcharge @ 25% and then on the total of tax and surcharge a further levy of 4%.
- Incomes more than Rs.5 Cr : First add Surcharge @ 37% and then on the total of tax and surcharge a further levy of 4%.

Taxation of various Indian Incomes & (TDS) for NRI

Tax Deduction at source (TDS) for NRI :

Operation of Sec. 195 of the Income Tax Act.

✓ Sec. 195 (1) :

- **Payer** : Any person.
- **Payee** : A NRI, not being a company or foreign company.
- **Payment** : Any sum, other than salaries and some other payment chargeable under the provision of Income Tax Act.
- **Rate of TDS** : At the prescribed rates.

Taxation of various Indian Incomes & (TDS) for NRI

Tax Deduction at source (TDS) for NRI :

Operation of Sec. 195 of the Income Tax Act.

✓ Sec. 195 (2) :

- Application by Payer (no prescribed format) for determination of such sum on which TDS to be deducted. Rejection is appealable.
- A certificate U/s. 197 can be obtained by the payee (On Form No. 13) for lower or Nil TDS, for TDS to be made U/s 195. Rejection is not appealable.
- Section 195 does not apply to sums paid to Non Residents which are exempt from tax, as it applies to only "any sum chargeable to tax."

Taxation of various Indian Incomes & (TDS) for NRI

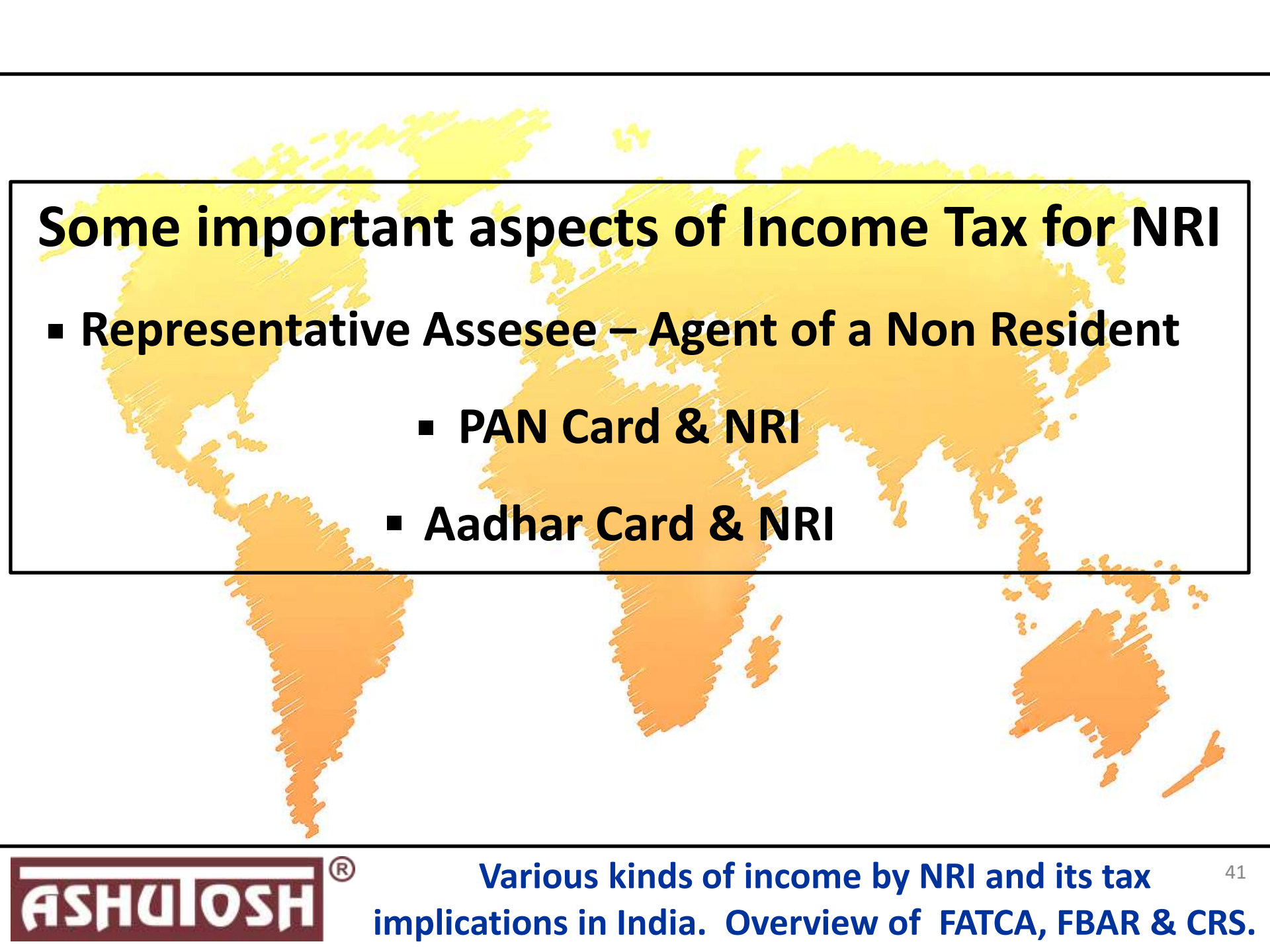
Incomes which are completely exempted from Income Tax and there is no Tax Deduction at Source (TDS) on these incomes.

Sr. No.	Type of Income	Income exempted under the provision
01	Interest income on NRE A/c	U/s. 10(4)
02	Interest income on PPF A/c	U/s. 10(11)
03	Agricultural Income	U/s. 10(1)
04	Dividend Income on Mutual Funds	U/s. 10(35)
05	Gain on sale of Agricultural land situated beyond the below limits	Not considered as a Capital Assets U/s. 2(14)(iii), hence exempted
	<u>Population of a city / town etc.</u>	<u>Arial Distance</u>
	10,000 to 1,00,000	2 kms.
	1,00,000 to 10,00,000	6 kms.
	Above 10,00,000	8 kms.
06	Share in profits of a partnership Firm	U/s. 10(2A)

Taxation of various Indian Incomes & (TDS) for NRI

Incomes which are completely exempted from Income Tax and there is no Tax Deduction at Source (TDS) on these incomes.

Sr. No.	Type of Income	Income exempted under the provision
07	Dividend on Shares.	Exempted U/s. 10(34). However, companies are required to pay Dividend Distribution Tax @15%. Additional tax liability of 10% where Dividend exceeds Rs. 10,00,000 is not applicable to NRI.



Some important aspects of Income Tax for NRI

- **Representative Assessee – Agent of a Non Resident**
 - **PAN Card & NRI**
 - **Aadhar Card & NRI**

Representative Assessee – Agent of a Non Resident

- ✓ Representative Assessee, in respect of Non Resident is his / her agent or person who are treated as an agent U/s. 163 of the Income Tax Act.
- ✓ Section 163 of the Income Tax Act states – agent in relation to non – resident (NR) is :
 - One who is employed by NR.
 - Having business connection with NR.
 - From or through whom NR receives income directly or indirectly.
 - Trustee of a NR.
- ✓ A broker dealing with NR through NR broker is not an agent.

Representative Assesee – Agent of a Non Resident

- ✓ A Power of Attorney (POA) holder is an agent of a Non Resident, hence he is Representative Assesee of a Non Resident.
- ✓ Every representative assessee shall be deemed to be an assessee for the purpose of the Income Tax.
- ✓ Hence, a representative assessee's liability, duties, responsibilities are at par with his own, as if it were his own assessment proceedings.

PAN Card & NRI

- ✓ Permanent Account Number (PAN) is a unique code that acts as an identification for individuals for their financial transactions.
- ✓ It is allotted by Income Tax Department.
- ✓ It is similar to Tax Identification Number (TIN) in foreign countries.
- ✓ The application for PAN can be made by non residents by filing Form No. 49AA.

PAN Card & NRI

Requirements for obtaining PAN :

✓ It is mandatory to quote PAN for below mentioned transactions :

- Several financial transactions in India.
- Opening of an account with a bank (can be opened by Form no. 60), Demat Account for shares.
- Filing of Income Tax Return, if the income exceeds the minimum taxable amount. It is not compulsory to file a Return of income if you have a PAN.

PAN Card & NRI

Requirements for obtaining PAN :

- ✓ It is mandatory to quote PAN for below mentioned transactions :
- For Filing a Return of Income if Income is above taxable limits.
- For claiming of refund of TDS, if deducted.
- For carry forward of losses.
- All the dealings with Income Tax office eg. Form 15CA – 15CB.

Aadhar Card & NRI

✓ Under the Aadhar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act 2016.

- Resident means an individual (any nationality) who has resided in India for a period or periods amounting in all to 182 days or more in 12 months immediately preceding the date of application for enrolment.

Aadhar Card & NRI

✓ Under Sec. 139AA & Subsequent notification, all PAN Card holders, who is a NRI under the Income Tax Act 1961, are :

- Supposed to link their Aadhar Card with PAN, if they hold the Aadhar Card.
- If they do not hold the Aadhar Card, they are exempted from the requirement of linking it with the PAN Card of Income Tax.
- As per Aadhar Act, NRI / PIO are not eligible to obtain Aadhar Card, hence are fully exempted to produce Aadhar for any verification.



Tax Planning for NRI in India

Tax Planning for NRI in India

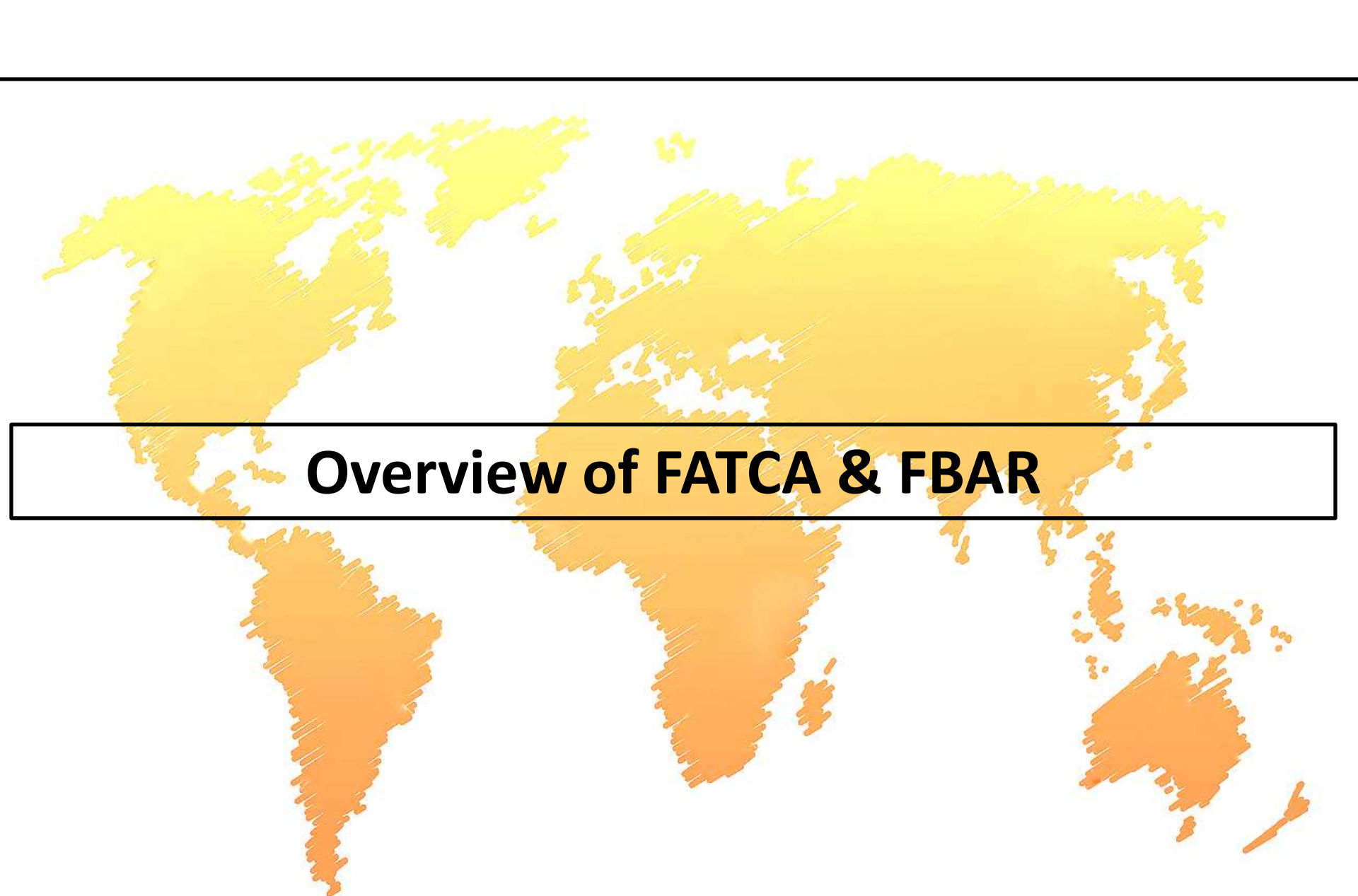
- ✓ Deduction for investments U/s. 80C maximum of Rs. 1,50,000.
 - Life Insurance Premium
 - Equity Linked Savings Scheme of Mutual Fund (ELSS)
 - 5 Year Bank FD
 - Repayment of Housing Loan
 - PPF (In existing A/c)
- ✓ Deduction for Health Insurance U/s. 80 D.
 - Maximum of Rs. 25,000 for age below 60 Years and Rs. 50,000 for age above 60 Years PLUS additional Rs. 50,000 for Senior Citizen Parents.
- ✓ Deduction for donation U/s. 80G – 50% of sum donated; maximum 10% of Gross Total Income.
- ✓ Deduction U/s. 80TTA on interest earned on Savings Bank Account (NRO A/c) maximum of Rs. 10,000.

Tax Planning for NRI in India

- ✓ Increased taxable limit is not available to Senior Citizen (above 60 years) or Super Senior Citizen (above 80 years).
- ✓ Rebate U/s. 87A of Rs. 2,500 is not available.
- ✓ Deduction U/s. 24 is available on interest paid on Housing Loan against Income from House Property. Loss under this head can be claimed, maximum of Rs. 2,00,000.
- ✓ If a NRI intends to stay for a long period in India, in order to ensure that he does not become a resident, he can split stay in two financial years.
- ✓ NRI can invest in Capital Gain Bonds U/s 54-EC to get exemption from Capital Gain.
- ✓ NRI can invest U/s 54 or 54-F in residential house to get exemption from capital gain.

Tax Planning for NRI in India

- ✓ Non Resident should receive his incomes abroad, and then remit such incomes credited in the foreign accounts, to India. If the incomes are received in India, they become taxable in India.
- ✓ Interest on NRO A/c (Savings of Fixed Deposits) is taxable. A NRI can transfer his NRO A/c balances, within the limit of 1 Million US\$, per person – per year, to NRE / FCNR A/c and make the interest income tax free.
- ✓ HUF (Hindu Undivided Family) are recognized as a separate legal entity under Indian Tax laws. Income of HUF is not the income of an individual. Utility of HUF as an entity for investments can be looked into for planning the tax liability abroad. NRO Bank A/c of HUF can be opened, if all the members are NRI.

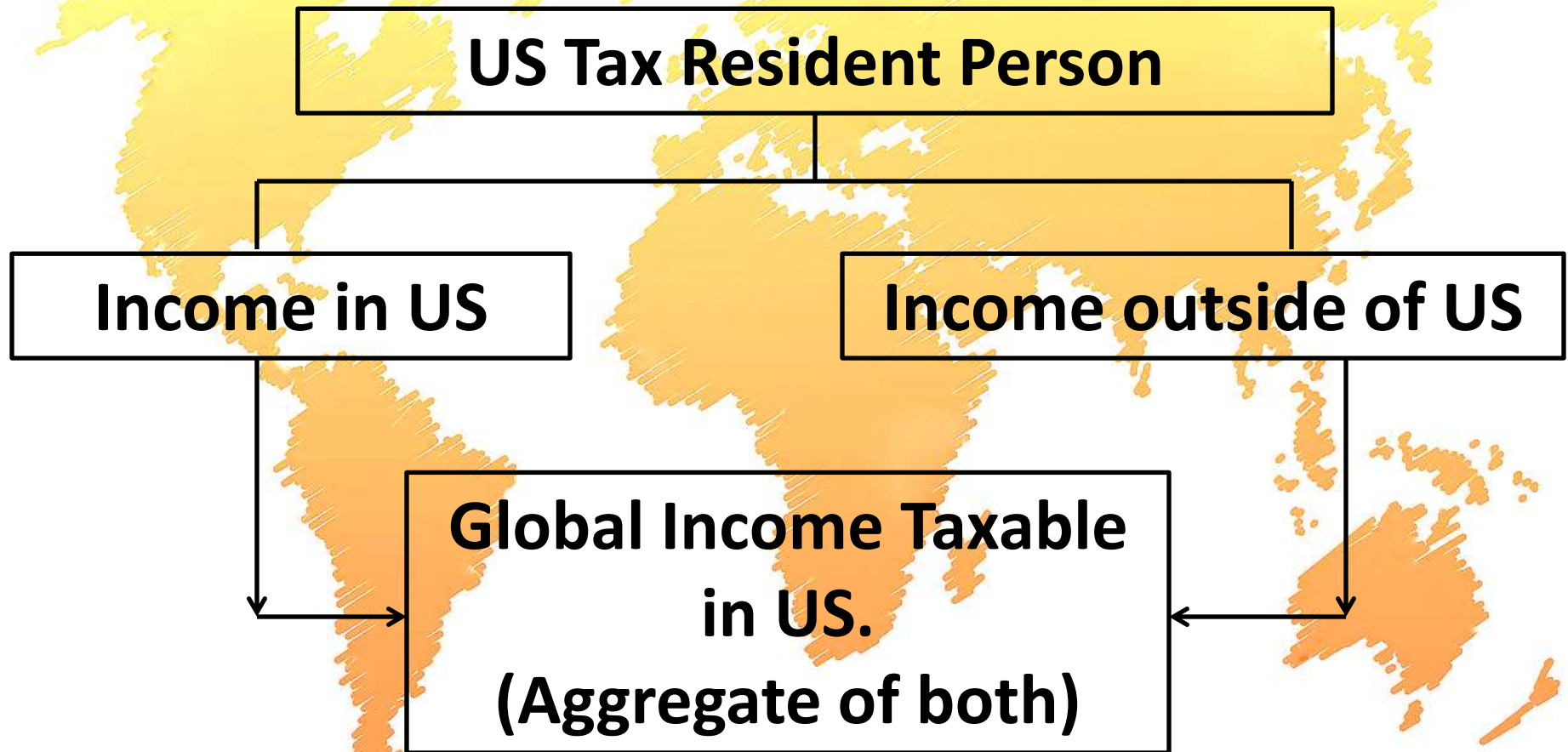


Overview of FATCA & FBAR

Overview of FATCA & FBAR

Why was FATCA and FBAR introduced ?

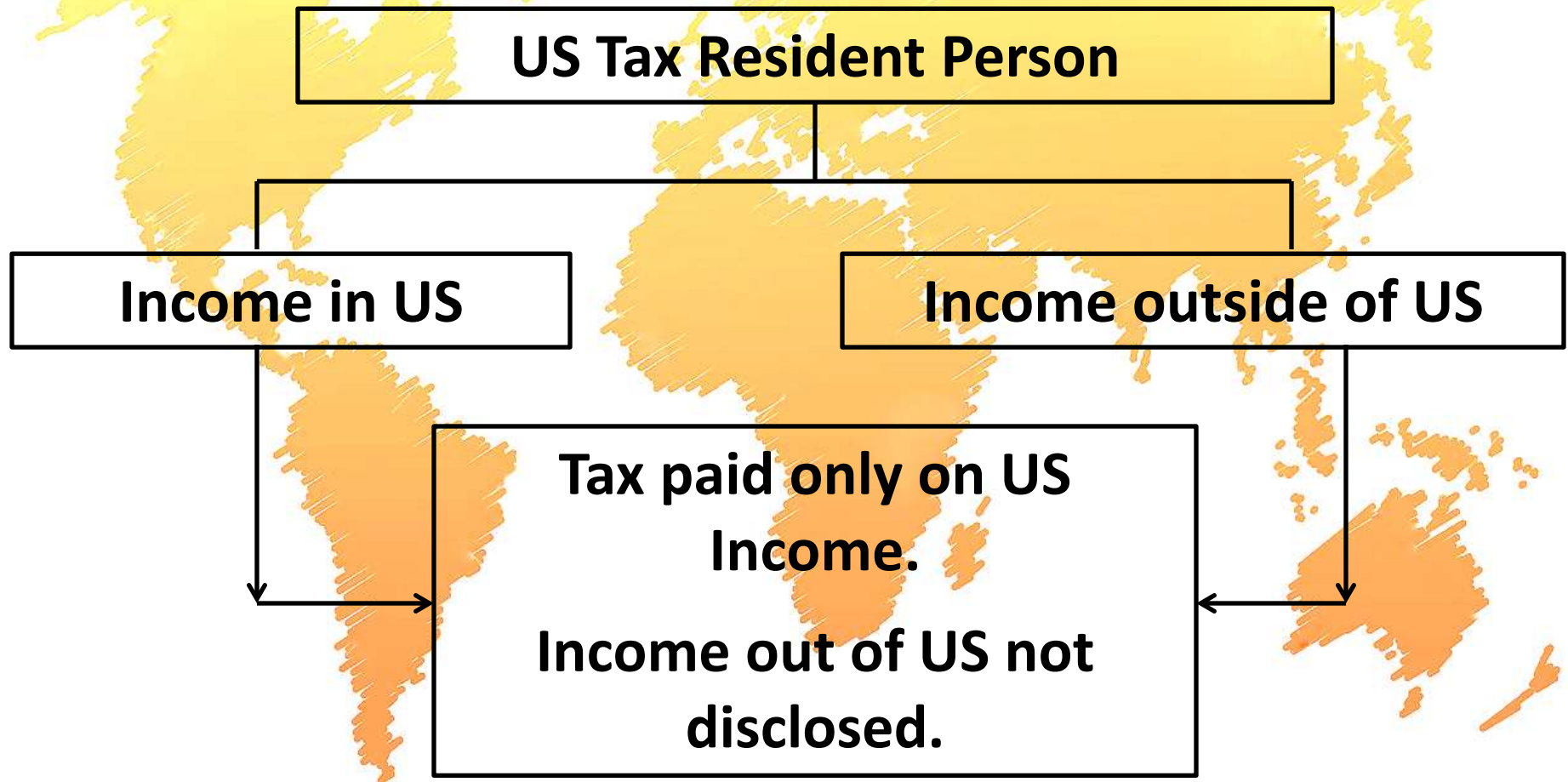
Requirement of US Tax Laws



Overview of FATCA & FBAR

Why was FATCA and FBAR introduced ?

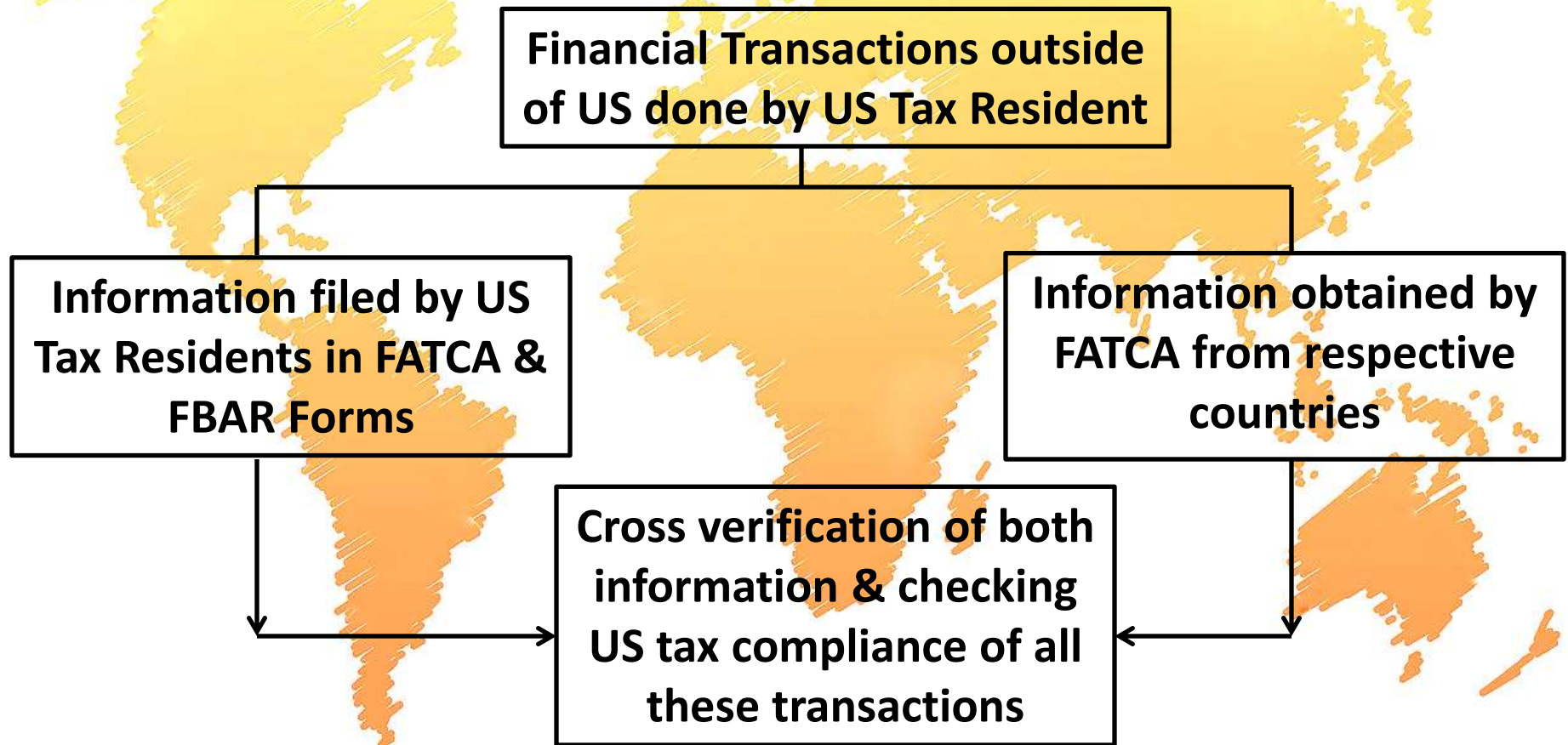
On ground scenario



Overview of FATCA & FBAR

Why was FATCA and FBAR introduced ?

FATCA & FBAR – effective tools to check evasion of taxes on income outside of US



Overview of FATCA & FBAR

FBAR (Report of Foreign Bank and Financial Accounts) :

- ✓ **United States Persons are required to File Form 114 if :**
 - **The United States person had a Financial Interest in or signature authority over at least one financial account located outside the United States**
 - and**
 - **The aggregate value of all foreign financial accounts exceeded US \$ 10000 at any time during the calendar year reported.**

Overview of FATCA & FBAR

FATCA (Foreign Account Tax Compliance Act) :

- ✓ FATCA targets tax non – compliance by US tax payers with Foreign Accounts.
- ✓ FATCA requires US Tax payers to file Form 8938 on Foreign Financial Assets.
- ✓ FATCA requires Foreign Financial Institutions (FFI's) to report to the I.R.S; information about financial accounts held by US tax payers.

Overview of FATCA & FBAR

FATCA Compliance by Indian (FFI's) :

- ✓ **Determination date for FATCA : 30th June, 2014.**
- ✓ **All new accounts opened after the determination date.**
- ✓ **Pre existing accounts electronic search of information in the system.**
- ✓ **High value accounts (US\$ 1 mn +) paper record search + inquiry of Relationship Manager, additional requirement.**
- ✓ **Closed accounts also subject to the above process.**

Overview of FATCA & FBAR

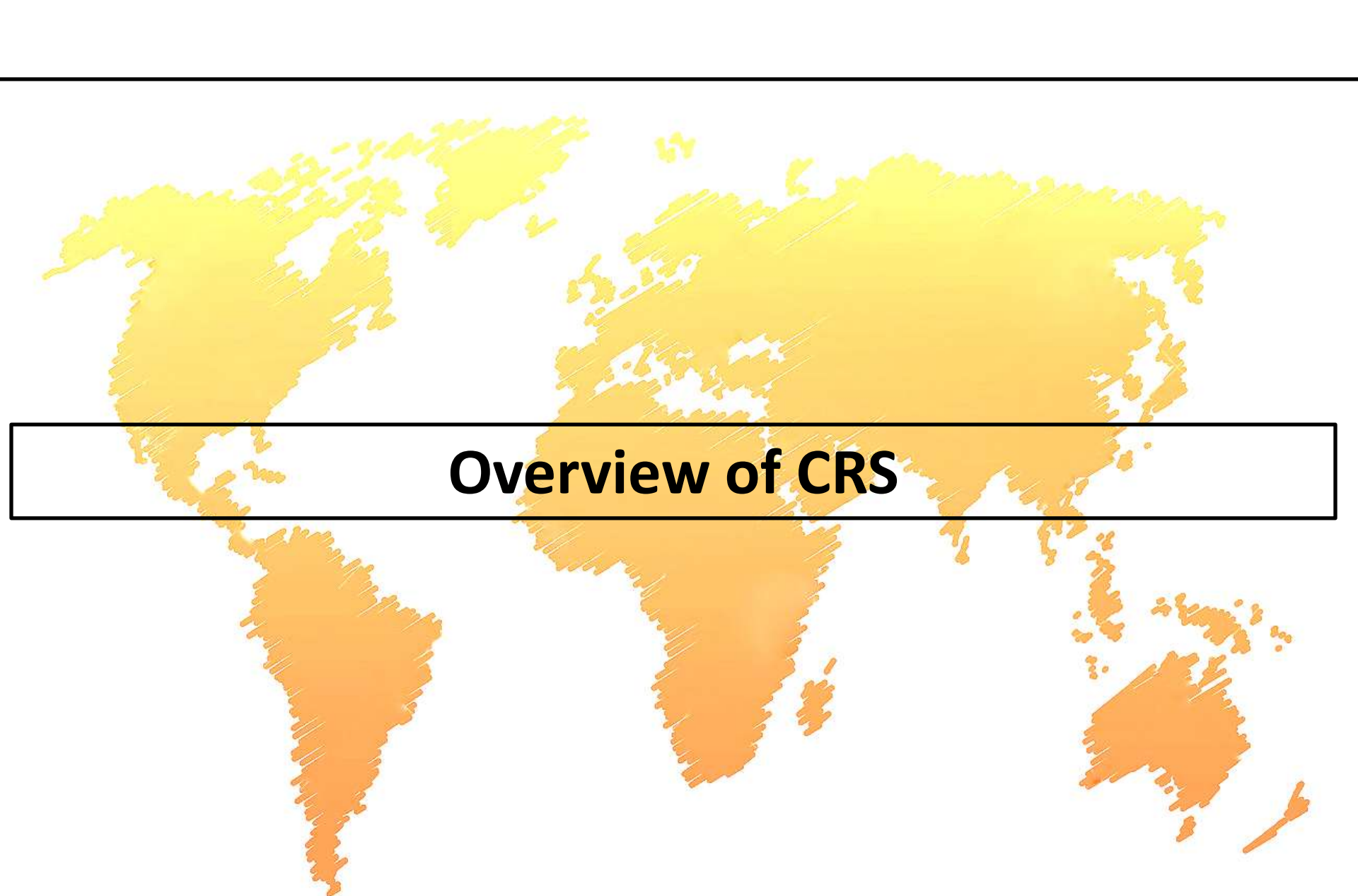
	FATCA	FBAR
	Form 8938, Statement of Specified Foreign Financial Assets	FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)
Reporting Threshold (Total Value of Assets)	\$50,000 on the last day of the tax year or \$75,000 at any time during the tax year. (if you are <u>unmarried and lived in U.S.</u>) \$100000 on last day of the tax year or & \$150000 at any time during the tax year. (if you are <u>married and lived in U.S.</u>) \$200000 on last day of the year or \$300000 at any time during the year. (<u>if you are unmarried and lived abroad.</u>) \$400000 on last day the year or \$600000 at any time during the year. (<u>if you are married and lived abroad.</u>)	\$10,000 at any time during the calendar year. This is a <u>cumulative balance</u>, meaning if you have <u>2 accounts</u> with a combined account balance greater than \$10,000 at any one time, both accounts would have to be reported.

Overview of FATCA & FBAR

	FATCA	FBAR
What is <u>Reported</u> ?	Specified <u>foreign financial assets</u> , and certain other <u>foreign non-account investment assets</u> .	<u>Financial interest</u> : you are the owner of record or holder of legal title. <u>Signature authority</u> : you have authority to control the disposition of the assets.
Where to <u>File</u> ?	File <u>with income tax return</u> pursuant to instructions for filing the return	File <u>electronically through FinCENs BSA E-Filing System</u> . The FBAR is not filed with a federal tax return.

Overview of FATCA & FBAR

Types of foreign assets and whether they are reportable		
	FATCA	FBAR
Financial (deposit and custodial) accounts held at foreign financial institutions.	Yes	Yes
Foreign partnership interests	Yes	No
Foreign mutual funds	Yes	Yes
Foreign-issued life insurance or annuity contract with a cash-value	Yes	Yes
Foreign <u>real estate</u> held directly	No	No
Foreign currency held directly	No	No
<u>Precious Metals</u> held directly	No	No
<u>Personal property, held directly, such as art, antiques, jewellery, cars and other collectibles</u>	No	No



Overview of CRS

Overview of CRS

CRS – Common Reporting System :

- ✓ FATCA version of OECD (Organisation for Economic Co-operation & Development) countries.
- ✓ Platform to exchange financial information in respect of residents of 112 countries.
- ✓ Countries include – India, United Kingdom, UAE, Singapore, Hong Kong, China, Australia, Canada, Germany, Switzerland etc.
- ✓ Determination date : 31st December 2015.

Overview of CRS

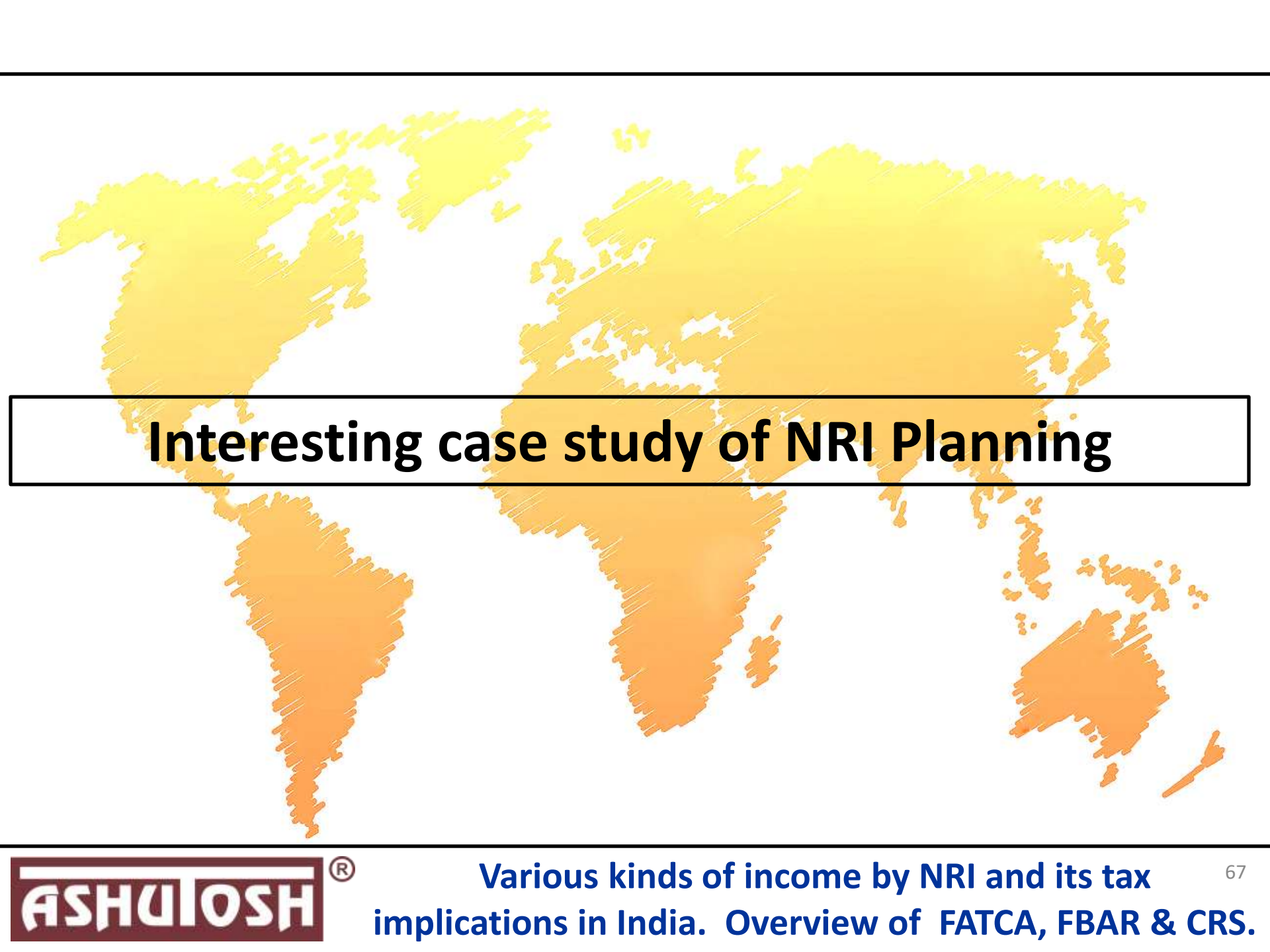
CRS – Common Reporting System :

✓ CRS has a broader scope than FATCA

- All Accounts supposed to be reported (without minimum balance exclusion).
- Income to be reported under CRS over & above the accounts and investments.
- Transactions with all entities are to be reported. FI with local client base, retirement funds etc. not exempted in CRS.

Reporting for foreign tax compliance

- ✓ Indian incomes need to be reported to Tax Authorities abroad.
- ✓ We (Ashutosh Financial Services Pvt. Ltd.) provide details of Indian Income as required by Tax Accountants abroad, for the relevant period and relevant items.
- ✓ The above services are complimentary to our clients for the investments made through us.

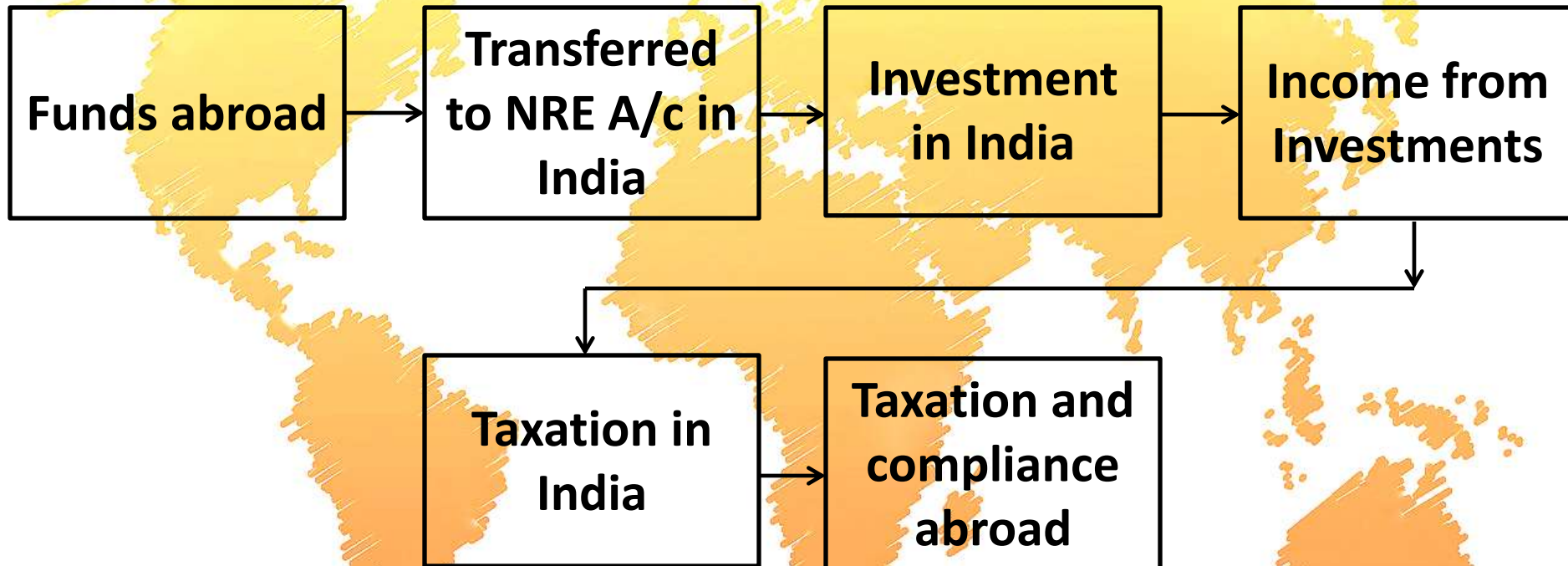


Interesting case study of NRI Planning

Interesting case study of NRI Planning

Investment intended in India by NRI :

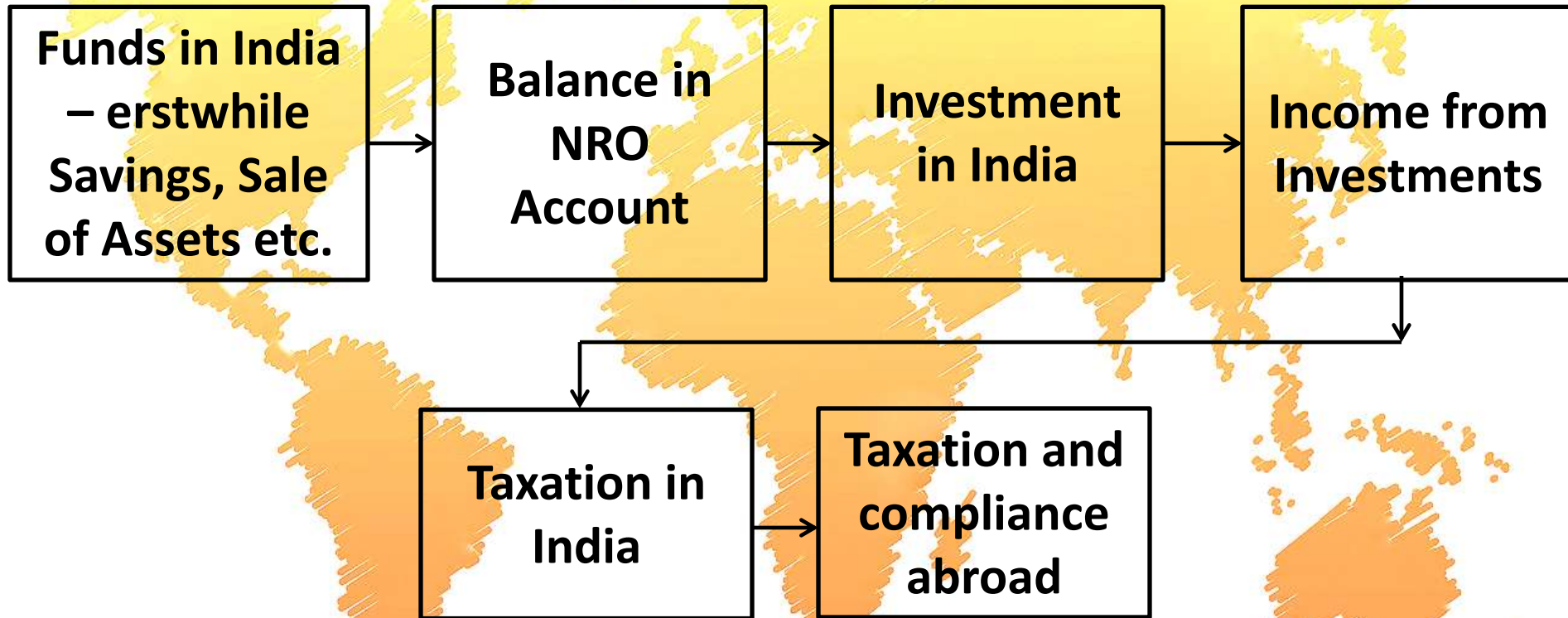
Case 1



Interesting case study of NRI Planning

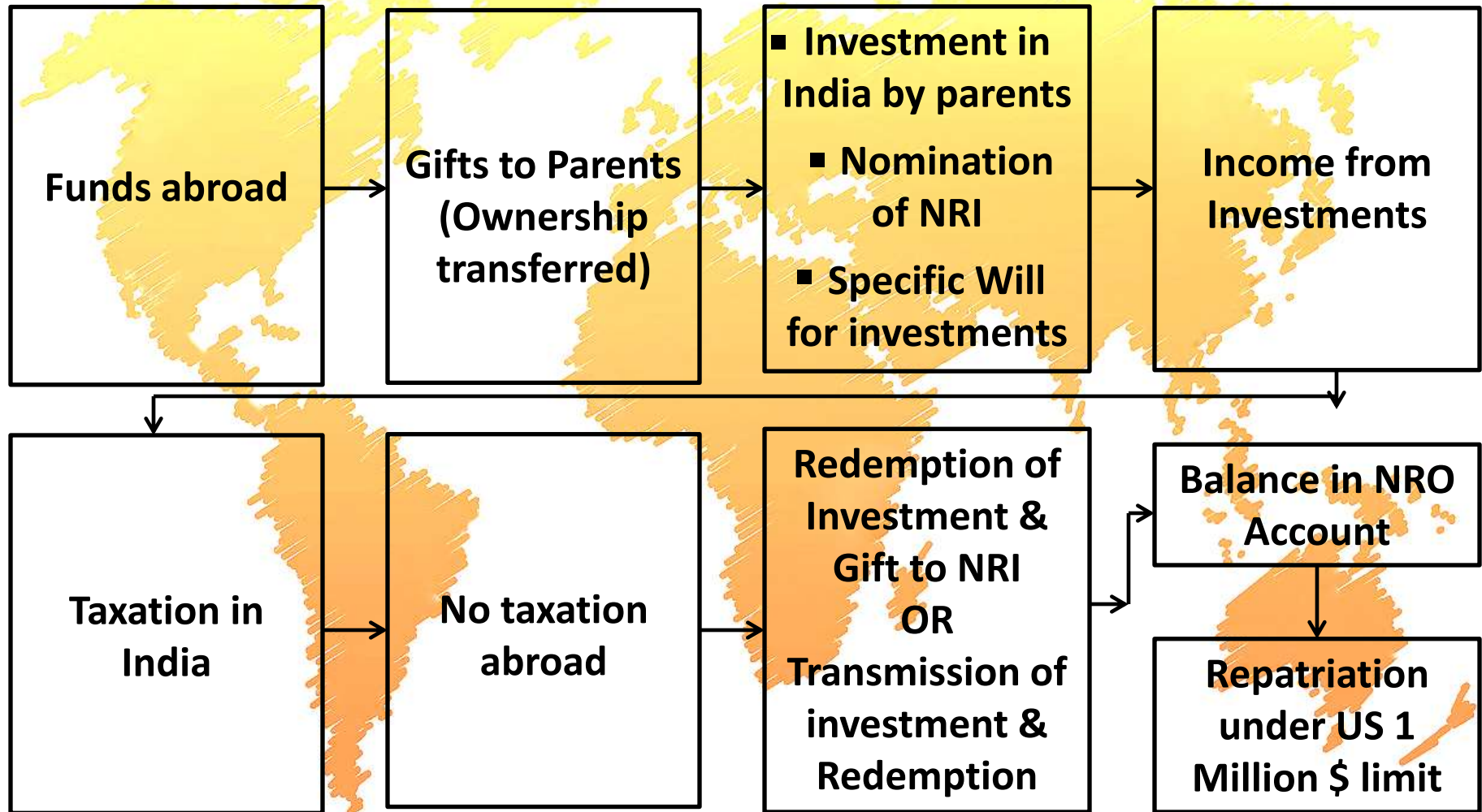
Investment intended in India by NRI :

Case 2



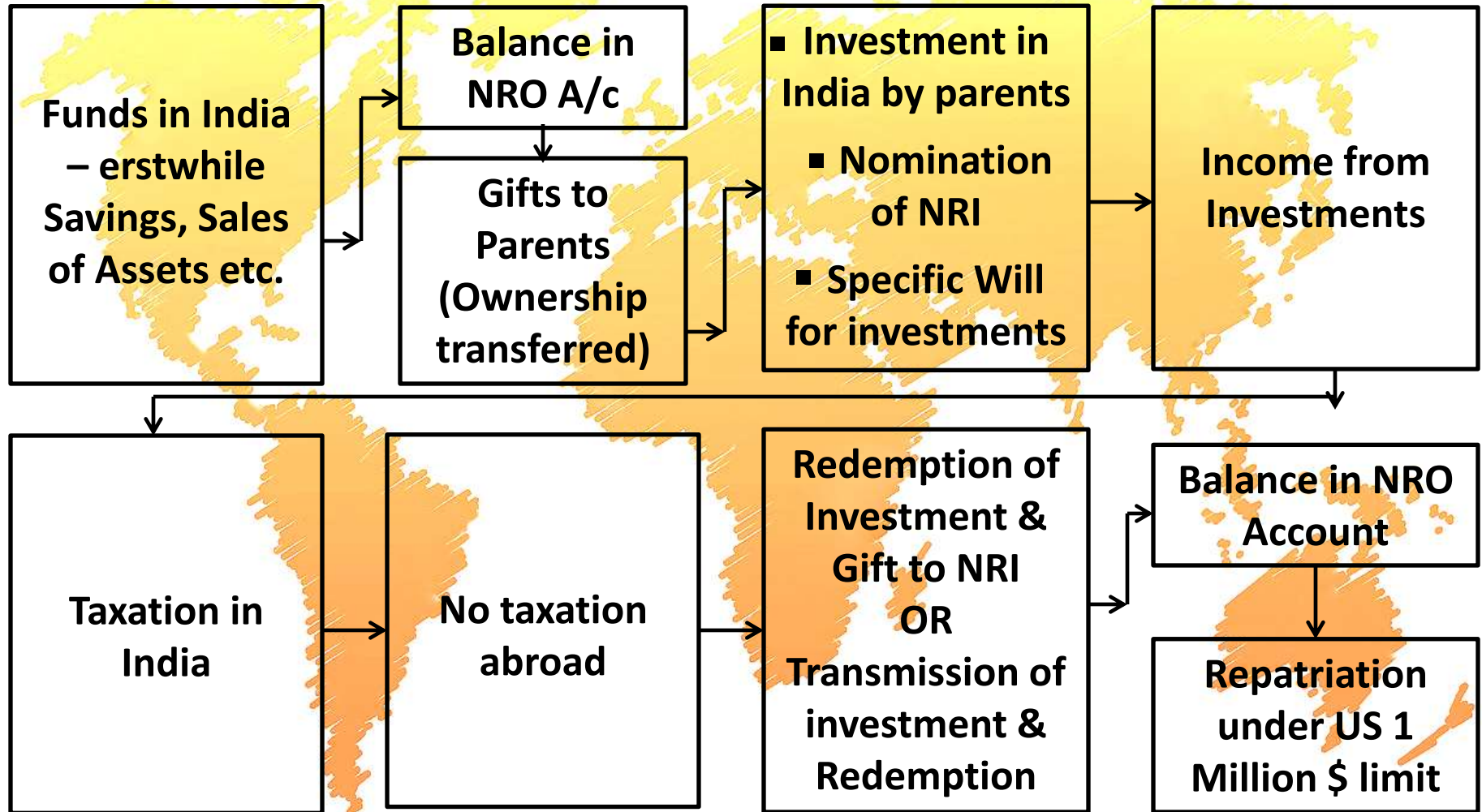
Interesting case study of NRI Planning

Investment intended in India by NRI : Improved version Case 1



Interesting case study of NRI Planning

Investment intended in India by NRI : Improved version Case 2



Disclaimer

This Presentation aims to tell the General Views and Laws related to Non Resident Indian (NRIs).

This Presentation may contain references, website links, regulations or other policy materials. This Information provided, is only intended to be a general summary. All information in this presentation, including charts, examples and other website references, may be used for any purpose only after Professional advice.

This Presentation is the personal view of Speaker Mr. Daxesh D. Kothari on the said subject, which should not be relied or acted upon without due Professional advice.

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