



# Inbound Expatriates

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Indian Tax Regulations

12<sup>th</sup> May, 2021

**GBCA**  
& ASSOCIATES LLP  
Chartered Accountants

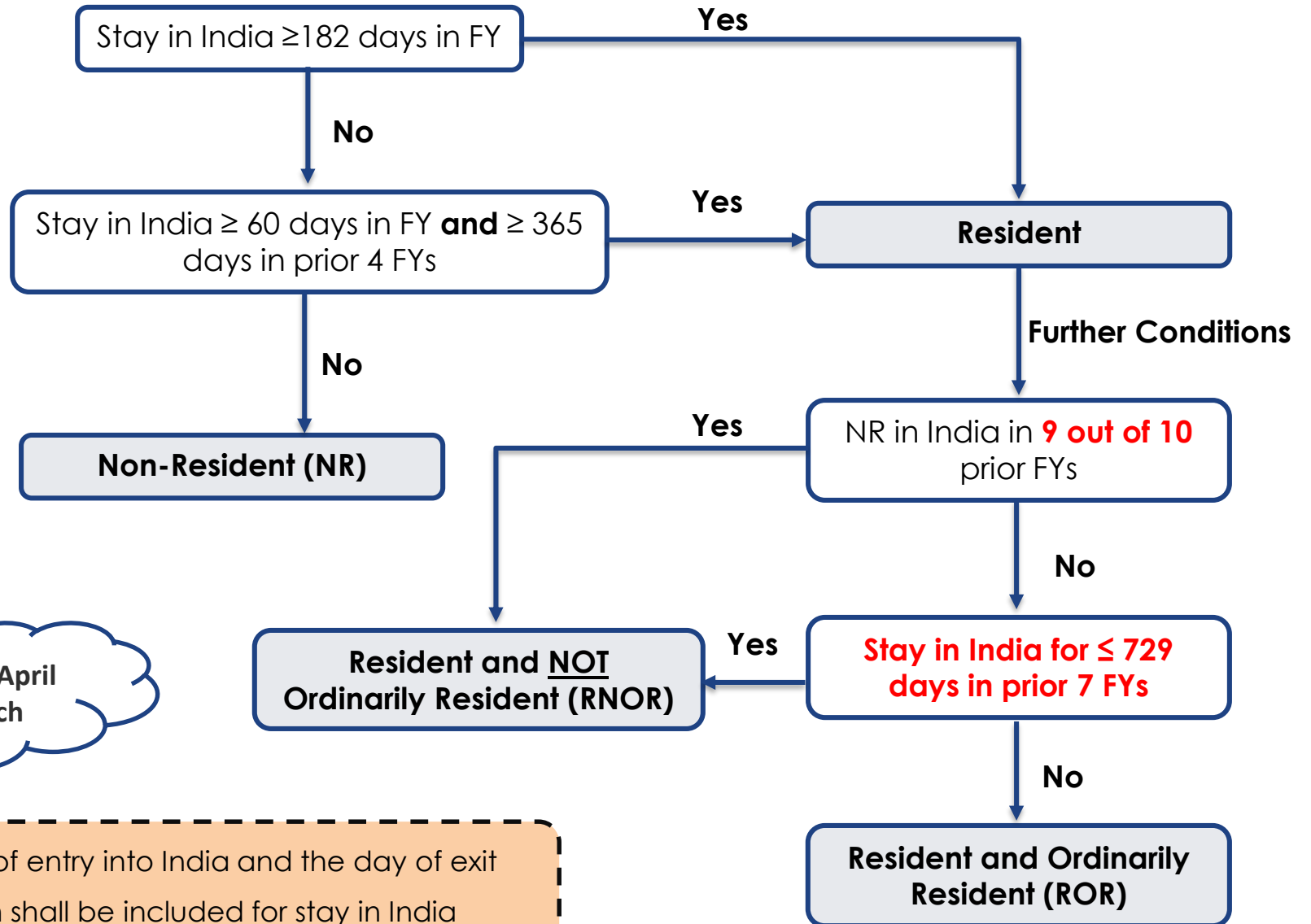
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# Glossary

Abbreviations	Full Forms
FRRO	Foreigners Regional Registration Officer
FTC	Foreign Tax Credit
FY	Financial Year
ITA	Income Tax Act, 1961
LRS	Liberalised Remittance Scheme
NR	Non-Resident
PAN	Permanent Account Number
RNOR	Resident but Not Ordinarily Resident
ROR	Resident and Ordinarily Resident

# Residential Status\*

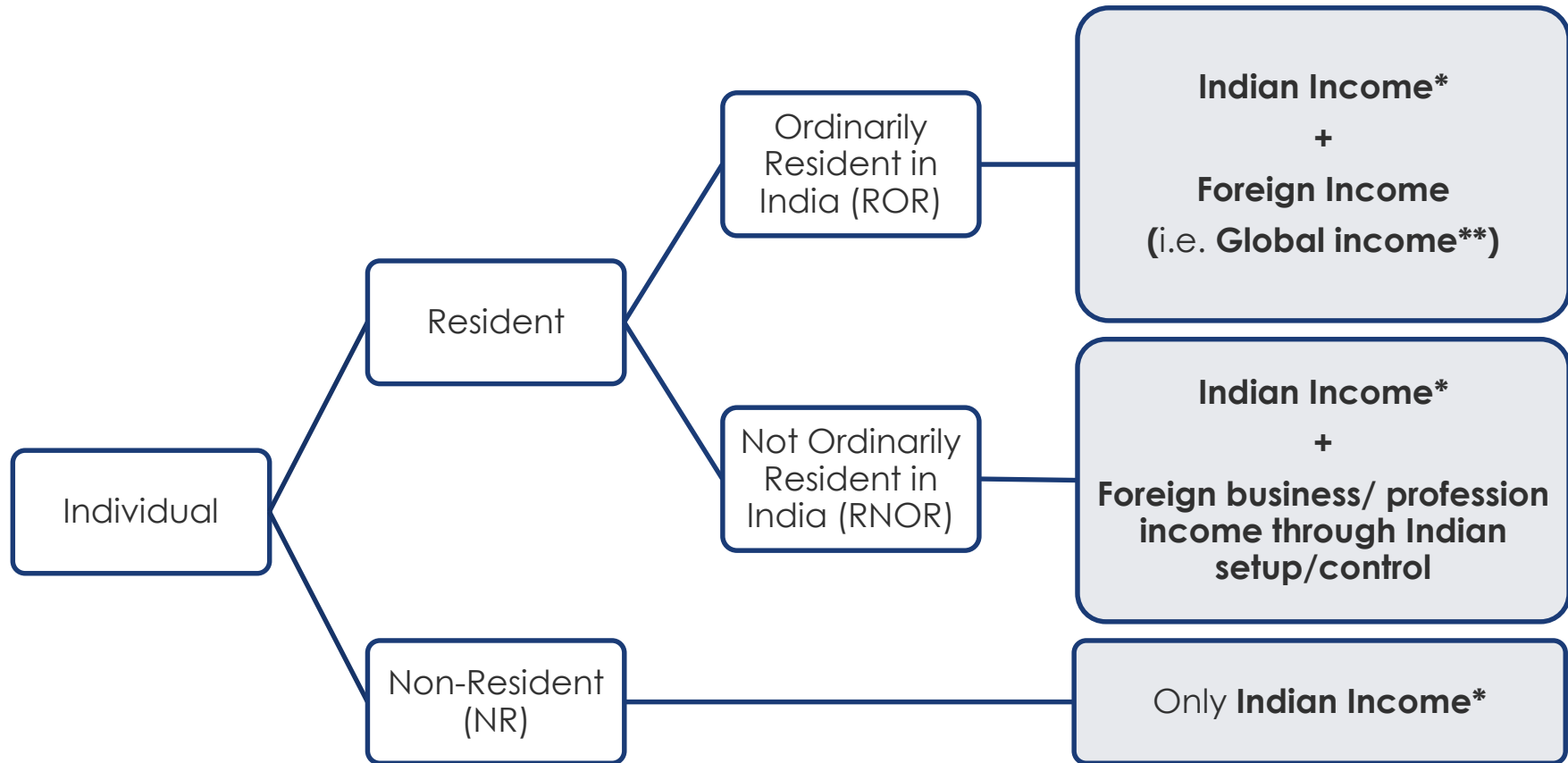


Tax year: 1<sup>st</sup> April  
- 31<sup>st</sup> March

**Note:** The day of entry into India and the day of exit from India both shall be included for stay in India

\*Applicable to Foreign Citizens only

# Scope of Total Income



Any foreign income, which is first received in India, will be taxable in India irrespective of the residential mentioned above.

\* Indian Income means any income accrued or received or deemed to be accrued or received in India.

\*\* Along with the global income, disclosure for all Foreign Assets and Incomes is required.

# Scope of Total Income

# Illustration

Scenarios	ROR	RNOR	NR
Any income earned in India	Taxable	Taxable	Taxable
Business Income earned outside India through Indian set-up	Taxable	Taxable	Not Taxable
Rent Income earned outside India	Taxable	Not Taxable	Not Taxable
Interest Income earned outside India	Taxable	Not Taxable	Not Taxable
Capital Gain on Foreign Shares	Taxable	Not Taxable	Not Taxable

*Subject to Treaty Benefit*

# Tax Compliance

## Income Tax Return

- Due date of filing Income Tax Return – 31<sup>st</sup> July of the following year
- Credit for Foreign Taxes shall be granted to Expatriates on foreign income in case the individual is ROR
- Disclosure of Foreign Assets and Foreign Income if ROR

Tax year: 1<sup>st</sup> April  
- 31<sup>st</sup> March

## Form 67 – Foreign Tax Credit

Form 67 to be filed in all cases when FTC is availed – Refer Rule 128



# Tax Compliance

## Tax Year and Tax payment

- Financial year – April to March
- Employer shall withhold taxes due on salary
- In case of income other than salary, Expatriate is required to pay advance tax as under:

<b>Due Date</b>	<b>Installment payable</b>
On or before 15 <sup>th</sup> June	15% of estimated tax
On or before 15 <sup>th</sup> September	45% of estimated tax
On or before 15 <sup>th</sup> December	75% of estimated tax
On or before 15 <sup>th</sup> March	100% of estimated tax

- Interest shall be charged in case of delay in payment of instalments



# Tax Compliance

## Foreign Assets Disclosure:

- Foreign Assets Schedule to be filed along with Income Tax Return by ROR
- Information on following assets to be disclosed:
  - Foreign Bank Accounts, Interest Income and Peak Balance during the year
  - Financial Interest in any entity abroad, Peak Balance of the total investments and income thereon
  - Immovable Property and income if any
  - Any other Capital Assets
  - Any Trust created under foreign laws
  - Any other Income including income from business and profession
- Even Beneficial Owner is liable for this disclosure

# Tax Compliance

## Foreign Assets Disclosure – Snapshot

### Schedule FA

Details of Foreign Assets and Income from any source outside India

DETAILS OF FOREIGN ASSETS

A1 Details of Foreign Depository Accounts held (including any beneficial interest) at any time during the relevant accounting period											
SI No	Country name	Country code	Name of financial institution	Address of financial institution	ZIP code	Account number	Status	Account opening date	Peak balance during the period	Closing balance	Gross interest paid/credited to the account during the period
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(i)											
(ii)											
A2 Details of Foreign Custodial Accounts held (including any beneficial interest) at any time during the relevant accounting period											
SI No	Country name	Country code	Name of financial institution	Address of financial institution	ZIP code	Account number	Status	Account opening date	Peak balance during the period	Closing balance	Gross amount paid/credited to the account during the period <i>(drop down to be provided specifying nature of amount viz. interest/dividend/proceeds from sale or redemption of financial assets/ other income)</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(i)											
(ii)											

# Tax Compliance

A3 Details of Foreign Equity and Debt Interest held (including any beneficial interest) in any entity at any time during the relevant accounting period												
Sl No	Country name	Country code	Name of entity	Address of entity	ZIP code	Nature of entity	Date of acquiring the interest	Initial value of the investment	Peak value of investment during the period	Closing value	Total gross amount paid/credited with respect to the holding during the period	Total gross proceeds from sale or redemption of investment during the period
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(i)												
(ii)												
A4 Details of Foreign Cash Value Insurance Contract or Annuity Contract held (including any beneficial interest) at any time during the relevant accounting period												
Sl No	Country name	Country code	Name of financial institution in which insurance contract held	Address of financial institution	ZIP code	Date of contract	The cash value or surrender value of the contract	Total gross amount paid/credited with respect to the contract during the period				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)				
(i)												
(ii)												
B Details of Financial Interest in any Entity held (including any beneficial interest) at any time during the relevant accounting period												
Sl No	Country	Nature of	Name and	Nature of Interest-Direct/ Beneficial owner/ Beneficiary	Date since held	Total Investment (at cost) (in rupees)	Income accrued from such Interest	Nature of Income	Income taxable and offered in this return			
	Name and code	entity	Address of the Entity						Amount	Schedule where offered	Item number of schedule	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
(i)												
(ii)												

# Tax Compliance

C Details of Immovable Property held (including any beneficial interest) at any time during the relevant accounting period										
Sl No	Country Name and code	Address of the Property	Ownership-Direct/ Beneficial owner/ Beneficiary	Date of acquisition	Total Investment (at cost) (in rupees)	Income derived from the property	Nature of Income	Income taxable and offered in this return		
								Amount	Schedule where offered	Item number of schedule
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(i)										
(ii)										
D Details of any other Capital Asset held (including any beneficial interest) at any time during the relevant accounting period										
Sl No	Country Name and code	Nature of Asset	Ownership-Direct/ Beneficial owner/ Beneficiary	Date of acquisition	Total Investment (at cost) (in rupees)	Income derived from the asset	Nature of Income	Income taxable and offered in this return		
								Amount	Schedule where offered	Item number of schedule
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(i)										
(ii)										
E Details of account(s) in which you have signing authority held (including any beneficial interest) at any time during the relevant accounting period and which has not been included in A to D above.										
Sl No	Name of the Institution in which the account is held	Address of the Institution	Name of the account holder	Account Number	Peak Balance/ Investment during the year (in rupees)	Whether income accrued is taxable in your hands?	If (7) is yes, Income accrued in the account	If (7) is yes, Income offered in this return		
								Amount	Schedule where offered	Item number of schedule
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(i)										

# Tax Compliance

(ii)											
<b>F</b>	<b>Details of trusts, created under the laws of a country outside India, in which you are a trustee, beneficiary or settlor</b>										
Sl No	Country Name and code	Name and address of the trust	Name and address of trustees	Name and address of Settlor	Name and address of Beneficiaries	Date since position held	Whether income derived is taxable in your hands?	If (8) is yes, Income derived from the trust	If (8) is yes, Income offered in this return		
									Amount	Schedule where offered	Item number of schedule
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(i)											
(ii)											
<b>G</b>	<b>Details of any other income derived from any source outside India which is not included in,- (i) items A to F above and, (ii) income under the head business or profession</b>										
Sl No	Country Name and code	Name and address of the person from whom derived	Income derived	Nature of income	Whether taxable in your hands?	If (6) is yes, Income offered in this return					
						Amount	Schedule where offered	Item number of schedule			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)			
(i)											
(ii)											

**NOTE ►**

*Please refer to instructions for filling out this schedule. In case of an individual, not being an Indian citizen, who is in India on a business, employment or student visa, an asset acquired during any previous year in which he was non-resident is not mandatory to be reported in this schedule if no income is derived from that asset during the current previous year.*

# Tax Compliance

**Consequences of non disclosure:** Non disclosure of foreign assets and foreign income in Income Tax Return attracts heavy penalty and rigorous imprisonment under Black Money Act. Penalty for non disclosure shall be as follows:



300% of the amount of tax payable in addition to tax liability



Flat Penalty of INR 10 Lakhs

## Exception:

No reporting required for Bank Accounts with maximum balance of **INR 5 lakhs** at any time during the year.

# Tax and Surcharge Rates in India

Taxable Income (INR)	Tax Rate (New Regime)	Tax Rate (Old Regime)
Upto 250,000	NIL	NIL
Above 250,000 upto 500,000	5%	5%
Above 500,000 upto 750,000	10%	20%
Above 750,000 upto 1,000,000	15%	20%
Above 1,000,000 upto 1,250,000	20%	30%
Above 1,250,000 upto 1,500,000	25%	30%
Above 1,500,000	30%	30%

Taxable Income (INR)	Surcharge Rate
Above 5,000,000 upto 10,000,000	10%
Above 10,000,000 upto 20,000,000	15%
Above 20,000,000 upto 50,000,000	25%
Above 50,000,000	37%

Surcharge Rates shall apply on the Tax Amount

**Health and Education Cess @ 4% of (Tax + Surcharge)**

# Tax Procedures – On Arrival

## 1. Obtaining Permanent Account Number (Tax Identification Number)

- Expatriate to apply for a PAN by making an application to Indian Tax Authorities
- PAN is a 10 digit unique alphanumeric number issued by the Indian Income Tax Authority
- PAN is required to be quoted in tax returns, all correspondence with the tax authorities and in all other documents involving specified transactions
- The application for PAN can be made physically through Form-49AA or online application facility is also available
- Along with the application, the applicant is also required to submit proof of identity and proof of address as per Rule 114



# Tax Procedures – On Arrival

## 2. Registration with Foreigners Regional Registration Officer

- A foreigner visiting India for more than 180 days has to mandatorily register with FRRO within 14 days of arrival
- Resident Permit is issued at the time of registration
- Validity = Period of stay specified in VISA
- Application for extension to be made atleast 2 months prior its expiry
- Various documents are required to be submitted at the time of registration



# Tax Procedures – On Arrival

## 3. Bank Accounts and Remittance of funds

- Person Resident in India – Savings Account
- Transfer of funds from foreign bank accounts to Indian bank accounts is freely permissible
- Resident Individuals are permitted to remit funds outside India under LRS (upto USD 2,50,000 per financial year)
- Form 15CA and Form 15CB (CA Certificate) to be submitted to bank at the time of remittance of funds from India
- Form A2 is a bank specific form to be submitted at the time of remitting funds outside India.

# Tax Procedures – On Departure

## 1. Tax Clearance Certificate:

- Obtain Tax Clearance Certificate from the employer in Form-30A
- Tax Authorities on verification shall issue no objection certificate in Form-30B
- Fresh Certificate to be obtained if expatriate departs at a date beyond the date mentioned in certificate.

## 2. Surrender of FRRO Certificate:

- Surrender the certificate of registration to Registration Officer of the place where the person is registered or from where he intends to depart or to the Immigration Officer at the check post at the time of departure.
- If surrender to any officer other than Immigration officer obtain a receipt of indicating such surrender.

When You Win,  
We Win!



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