

# FEMA ke FUNDAE

**Establishment of  
Branch/Liaison/Project Office in India  
(Part 3 of 5)**

**#FamiliarwithFEMA**

**Date : 10.05.2023**

**Issue No. : 48**

**Jain Shrimal & Co.**



Rose

Hi Mr. FEMA Gyani! Nice to meet you! This time I wanted to know what are the Reporting Requirements as per FEMA provisions and how can I comply with the same?

Hello Rose!! There are **three types** of Reporting requirements in India that LO/BO/PO should comply with. This includes:

1. Reporting Requirements as per **FEMA**
2. Reporting Requirements as per **Co's Act**
3. Reporting Requirements as per **IT Act**



The FEMA Gyani

For Part 1, refer the below link:-

<https://www.linkedin.com/feed/update/urn:li:activity:7059410521623601152>

Or

<https://jainshrimal.com/establishment-of-liaison-branch-project-office-in-india-2/>

## Reporting Requirements as per FEMA

### LO/BO

The following documents needs to be submitted to AD and Director General of Income Tax

**1**

**Annual Activity Certificate (AAC) within 6 months** of Balance Sheet due date.

**2**

**Audited Financial Statements** for Branch Office

**3**

**Receipts and Payments Account**



The FEMA Gyani

### PO

The following documents needs to be submitted to AD only

**1**

**Annual Activity Certificate** from the Chartered Accountants showing Project status **and** certifying that the accounts have been audited and activities undertaken are in conformity with the **General/Specific permission by RBI.**

## Registration with Registrar of Companies(ROC) :-

1

For registration of companies under ROC following steps needs to be kept in mind :

- Once the foreign company/ entity establishes a LO/BO/PO or any place of business in India by whatever name called is required to register with the **registrar of companies** within **30 days** of establishment of place of business in India in **Form FC-1** along with other prescribed documents.
- Where any **alteration is made or occurs** in the document delivered for registration, the foreign company shall file such alterations in **Form FC- 2** along with the **prescribed fees** with the registrar **within a period of 30 days** from the date on which the alteration was made or occurred.
- Other business licenses which are applicable and are required to be obtained by LO/BO are , Permanent Account Number(PAN); Tax Deduction Number(TAN); Shop and Establishment Certificate and GST no. if required.



The FEMA Gyani

## Reporting Requirements as per Companies Act:-



The FEMA Gyani

# 2

Every **Foreign company** is required to file the following documents with **Registrar of Companies (ROC)**:-



**Annual Accounts** with list of principal places in India by foreign companies is to be filed in **Form FC-3**.



Annual return in **Form FC-4** to be filled **within 60 days** of the financial year.



Balance Sheet , P&L account , consolidated financial statements, compliance certificate, statement of related party transactions , statement of repatriation of profits , misstatement of transfer of funds along with E-Form.

## Reporting Requirements as per Income Tax Act:-



The FEMA Gyani

**BO**

Every company (including foreign company) is required to file **tax returns** in India.

**Annual Activity Certificate (AAC)** needs to be filed with Director General of Income Tax.

**PO**

Every company (including foreign company) is required to file **tax returns** in India .

**LO**

**Annual Activity Certificate (AAC)** needs to be filed with Director General of Income Tax

It is mandatory to file an **Annual Statement of Activities** in India **within 60 days** from the end of financial year in **Form 49C**

**Form 49C** shall be verified by **Chartered Accountant** and uploaded in e-form.

## Reporting Requirements as per Income Tax Act:-



The FEMA Gyani

### Allotment of Permanent Account Number(PAN) for LO/BO/PO:

**1**

LO/PO shall apply for allotment of Permanent Account Number (PAN) to Income Tax Authority once letter of approval is received from AD Category-1 Bank..

**2**

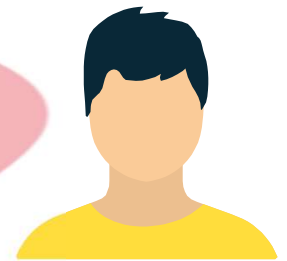
Upon upgradation of LO to BO, existing PAN and Bank Account can be used.



Rose

Okay Mr. FEMA Gyani! I have a friend from Bangladesh, he is also interested in opening a Branch in India, does he need to comply with the same requirements like me?

Yes Rose!! Your friend can open a Branch. However, there are additional requirements which needs to be complied with i.e. they need to be **registered under Police Authorities** .



The FEMA Gyani

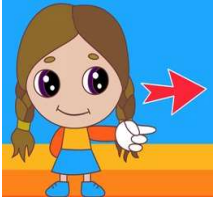
**1**

A person from Bangladesh, Sri Lanka, Afghanistan, Iran, China, Hong- Kong or Macau opening an LO/BO/PO or any other place of business in India shall have to register with the concerned State Police Authorities.

**2**

Copy of approval letter for 'persons' from these countries shall be marked by the AD Category I bank to the Ministry of Home Affairs , Internal Security division –I , Government of India , New Delhi .





In the next part, we will cover the **Remittance of Profit or Surplus**, **Closure of LO/BO/PO**, **Extension of validity period of the approval of LO/PO**.

**To be continued next  
WEDNESDAY...**



# Thank You!

Let's meet every  
Wednesday.

To make you more familiar with FEMA,  
we are happy to listen to your

Comments

Feedbacks

Suggestions



**The FEMA Gyani**

**Jain Shrimal & Co.**



<https://www.linkedin.com/company/jsco>  
ca

# Disclaimer

- ❑ This presentation has been prepared on the basis of information available in the public domain and is intended for guidance purposes only.
- ❑ Jain Shrimal & Co. has taken reasonable care to ensure that the information in this presentation is accurate. It however accepts no legal responsibility for any consequential incidents that may arise from errors or omissions contained in this presentation.
- ❑ This presentation is based on the information available with us at the time of preparing the same, all of which are subject to changes which may, directly or indirectly impact the information and statements given in this presentation.
- ❑ Neither Jain Shrimal & co., nor any person associated with us will be responsible for any loss however sustained by any person or entity who relies on this presentation. Interested parties are strongly advised to examine their precise requirements for themselves, form their own judgments and seek appropriate professional advice.

**Jain Shrimal & Co.**