

FEMA ke FUNDAE

**Establishment of
Branch/Liaison/Project Office in India
(Part 4 of 5)**

#FamiliarwithFEMA

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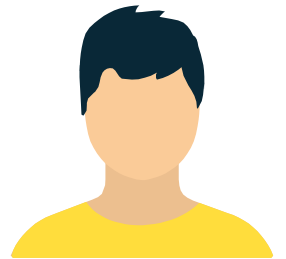
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Rose

Hi FEMA Gyani!! Nice to meet you!! I understood about the reporting requirements and the registration process . Now I wanted to know that if I want to remit the profit or surplus of LO/BO/PO to the parent company, in that case do I have to comply with any provisions ?

Yes Rose!! There are certain compliances which needs to be followed while remitting funds to the parent company outside India. Let me brief you with the same in the coming slides!!



The FEMA Gyani

For Part 3, refer the below link:-

<https://www.linkedin.com/feed/update/urn:li:activity:7062005294561714177>

Or

<https://jainshrimal.com/wp-admin/post.php?post=2903&action=edit>

Remittance of Profit by LO

Since, liaison office is not permitted to generate revenue in India, it is **not allowed to remit the profit** to the parent company.



The FEMA Gyani

Remittance of Profit by BO

BO **may remit** outside India profit of the Branch, net of taxes on production of following documents:

- A certified copy of the audited P&L and Balance Sheet account for the relevant year.
- A CA Certificate certifying:-
 - i. Manner of arriving at the profit
 - ii. Profits have been earned through permissible activities
 - iii. Profit on revaluation of branch is excluded

Remittance of Surplus by PO

AD Bank may permit remittances by PO subject to submission of the following:

- Certified copy of the final audited project accounts
- The statutory auditor's certificate showing the manner of arriving at surplus
- An undertaking from PO that remittance of fund will not affect the completion of project in India
- **Cannot transfer funds inter projects without RBI permission.**



Rose

Okay Mr. FEMA Gyani! I understood about the remittance of profit now I wanted to know what is the validity period for LO/BO/PO and what if I want to extend it. Is the extension permissible?



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Entity	Validity and Extension
Liaison Office	Validity for LO is 3 years, can be extended by AD Bank for another 3 years. Validity for NBFC/ Construction and Development Sectors- 2 years, no extension permitted.
Branch Office	Renewal of registration is generally not required but in some cases RBI gives approval for 2-3 years and renewal is required post that.
Project Office	Valid till the project tenure

If in future I want to wind up LO/BO/PO then what will be the procedure in that case?



Rose

1

Request for closure may be submitted to AD along with the following documents:
RBI/AD Bank approval for establishing LO/BO/PO.

2

Auditor's certificate for:

1. Calculation of **remittable amount**, supported by a statement of assets & liabilities.
2. Confirmation for all liabilities in India have been fully met
3. Confirmation that **no income accruing outside India** has remained unrepatriated to India.



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3

Confirmation from applicant/parent co. that **no legal proceedings** are pending in any court of India.

4

Report from ROC regarding **compliance with provisions** for winding up of BO/LO.

5

Any other document specified by RBI/AD while granting approval.



In the next part, we will cover the **Other Provisions** regarding **LO/BO/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

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