

FEMA Ke Fundae

#FamiliarwithFEMA

**Basic Concepts of the
Liberalized Remittance
Scheme(LRS)
(Part 3 of 3)**

Issue No : 74

Date : 08th November 2023

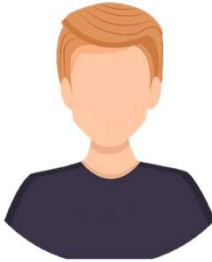




Ronak
Indian resident

Hey! Mr. FEMA Gyani I understood the permissible capital and current account transactions under LRS. Can you tell me what do I need to do for remittance? Can I do it myself online through net banking, or should I visit the bank?

Ronak, you can only do it through your bank, for remittance the bank will ask for your PAN No. and a declaration under FORM A2.



The FEMA Gyani



Ronak
Indian resident

What is Form A2?

"FORM A2" is used for making foreign exchange remittances. In this form, you will need to provide necessary details and information required for the remittance, such as:



The FEMA Gyani

Details required in FORM A2

Beneficiary's
details like Name,
Bank Name,
Account No, etc.

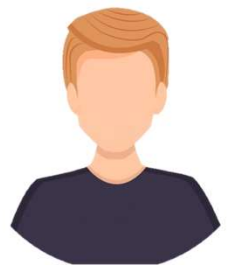
Purpose Code for
the remittance

Amount to be
remitted, currency

Remitter's Name,
Address, PAN No.

AD Bank details

Let me show you how form A2 looks like.



The FEMA Gyani

FORM A2

(To be completed by the applicant)

(For payments other than imports and remittances covering intermediary trade)

AD Code No. _____

Form No. _____
(To be filled in by the Authorised Dealer)

Currency _____ Amount _____ Equivalent to Rs. _____
(To be completed by the Authorised Dealer)

Application for Remittance Abroad

I/We _____
(Name of applicant remitter)

PAN No.²⁰ _____

Address _____

authorize

(Name of AD branch)

To debit my Savings Bank/ Current/ RFC/ EEFC A/c. No. _____ together with their charges and

* a) Issue a draft : Beneficiary's Name _____
Address _____

* b) Effect the foreign exchange remittance directly –
1) Beneficiary's Name _____
2) Name and address of the bank _____
3) Account No. _____

* c) Issue travelers cheques for _____

* d) Issue foreign currency notes for _____
Amount (specify currency) _____

* (Strike out whichever is not applicable) for the purpose/s indicated below

Sr. No.	Whether under LRS (Yes/No)	Purpose Code	Description
As per the Annex			

(Remitter should put a tick (✓) against an appropriate purpose code. In case of doubt/ difficulty, the AD bank should be consulted).

Declaration (Under FEMA 1999)

1. # I, _____ (Name), hereby declare that the total amount of foreign exchange purchased from or remitted through, all sources in India during the financial year including this application is within the overall limit of the Liberalised Remittance Scheme prescribed by the Reserve Bank of India and certify that the source of funds for making the said remittance belongs to me and the foreign exchange will not be used for prohibited purposes.

Details of the remittances made/transactions effected under the Liberalised Remittance Scheme in the current financial year (April- March)

Sl. No	Date	Amount	Name and address of AD branch/FFMC through which the transaction has been effected

2. # The total amount of foreign exchange purchased from or remitted through, all sources in India during this calendar year including this application is within USD _____ (USD _____) the annual limit prescribed by Reserve Bank of India for the said purpose.

3. # Foreign exchange purchased from you is for the purpose indicated above.

(Strike out whichever is not applicable)

Signature of the applicant

(Name)

Date:

Certificate by the Authorised Dealer

This is to certify that the remittance is not being made by/ to ineligible entities and that the remittance is in conformity with the instructions issued by the Reserve Bank from time to time under the Scheme.

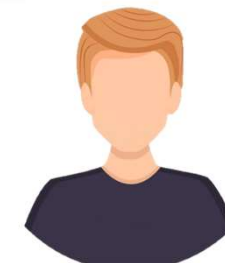
Name and designation of the authorised official:

Stamp and seal

Signature:

Date:

Place:



The FEMA Gyani

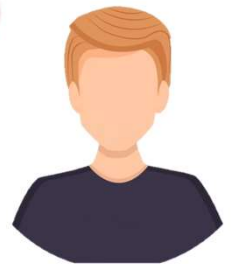


Ronak
Indian resident

What is the purpose code of remittance? Shall I put daughter's education as purpose to remit the funds?

A purpose code under LRS is a code that is used to identify the purpose of a foreign remittance made under LRS. This is the link of purpose code list.

[https://rbidocs.rbi.org.in/rdocs/content/pdfs/03MD11022016_AN.pdf]



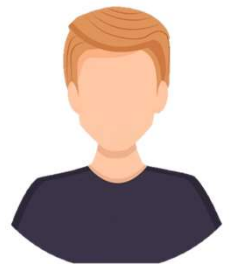
The FEMA Gyani



Ronak
Indian resident

Ok. One more question, I am planning to remit \$150,000 as of now. But my daughter's tuition fees is \$100,000. Or can I keep the balance \$50,000 in my account for her future needs?

Ronak, you will need to bring back this fund to India within 180 days from the date of such transfer.



The FEMA Gyani



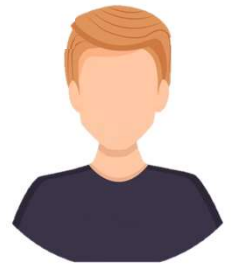
Ronak
Indian resident

Ok Got it. One last question. Can I make remittances under the LRS only in USD? If I want to send some funds to Europe, do I need to send them in USD, or can I also send them in Euros?

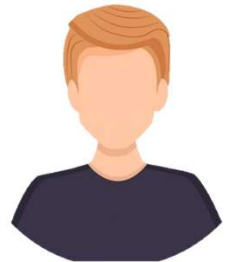
Yes, Ronak, remittance can be done in any freely convertible currency, including Euros.

Thank you so much for your help with my questions. You've made the process much easier.

You're welcome, Ronak. I'm glad I could help.



The FEMA Gyani

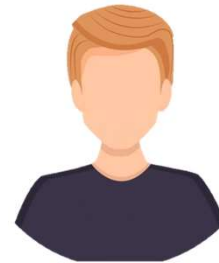


The FEMA Gyani



Ronak
Indian resident

Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



<https://in.linkedin.com/company/jscoa>

WEBSITE

<https://jainshrimal.com/>



International Tax Gyan
WhatsApp group



To join our International Taxation
Group, kindly scan the QR code

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.