

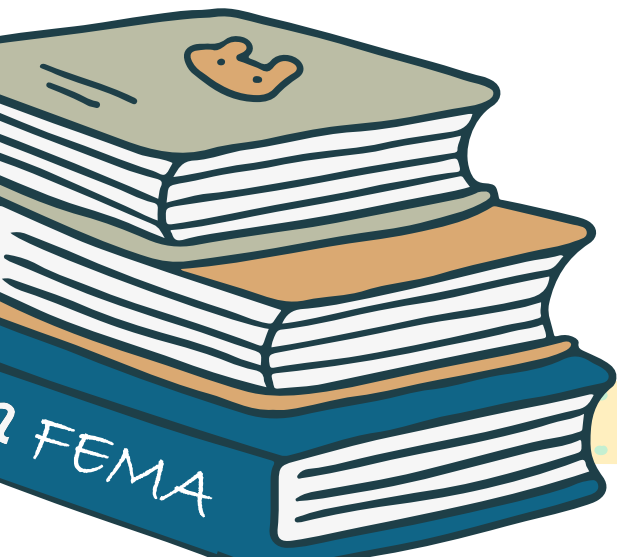
FEMA Ke Fundae

#FamiliarwithFEMA

Establishment
Overseas
Branch outside
India

Date: 19/06/2024

Issue no: 106



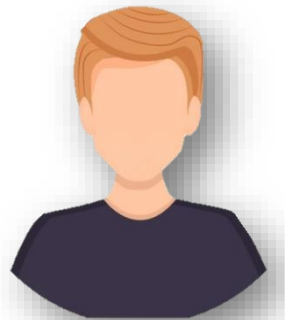


Rohit
(MD of THE Omcore
private Ltd.)

Hello, Mr. FEMA Gyani. My name is Rohit. I am Managing director of the Omcore private Ltd. Our Company into as software developer. Now we want to Expand in US to make local presence in the US market.

So, Can we open a branch outside India?

Yes Rohit,
You can open a branch outside India .



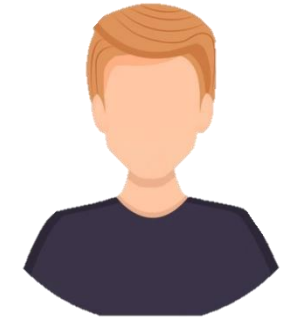
The FEMA Gyani



Rohit
(MD of THE Omcore
private Ltd.)

Okay! That's Great
When setting up my branch office, I will need to incur some set up cost. Can we remit money for those Cost?





The FEMA Gyani

Yes Rohit,
You are allowed remit money for initial expenses .
subject to following conditions:-

Upto 15% of average annual sales/income **or** turnover during the last two financial year.

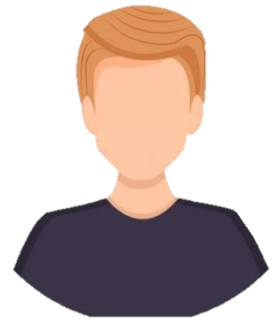
Upto 25% of networth of the company.

Understood.
Is there any kind of limitation for remitting money for day to day expenses as well ?



Rohit
(MD of THE Omcore private Ltd.)





The FEMA Gyani

Yes Rohit,
For Recurring expenses upto 10% of the average annual sales/income **or** turnover during the two financial year for the purpose of normal business operations.
Subject to the following conditions:-

Overseas Branch/office has been set up
or
Representative is posted overseas for conducting the normal business activity of the Indian entity.

Overseas branch/office/representative should not create any financial liability, contingent or otherwise, for the head office of India.

Overseas Branch/office/representative shall not enter into any contract or agreement which will contravene the rules and regulation of the Act, made under there.

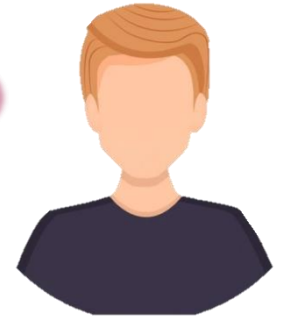




Rohit
(MD of THE Omcore private Ltd.)

What do you mean by Normal business operations?

Rohit,
Normal business means that business which your Indian entity is doing and not anything else you can do from the money remitted by Indian entity for recurring expenses.

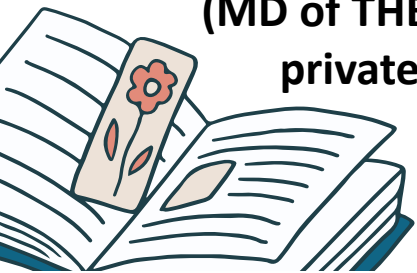


The FEMA Gyani



Rohit
(MD of THE Omcore private Ltd.)

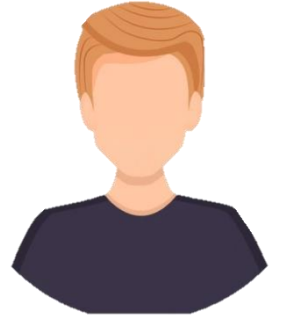
Okay Got it! FEMA Gyani
One more question, Can we purchase an Immovable property?





Rohit
(MD of THE Omcore
private Ltd.)

Yes,
AD bank may allow you for remittance within the above limits of **initial**
and **recurring expenses** to acquire immovable property outside India
for its business and for **residential purpose of its staff.**
and you have to report all the details of the bank account opened in
the overseas country.



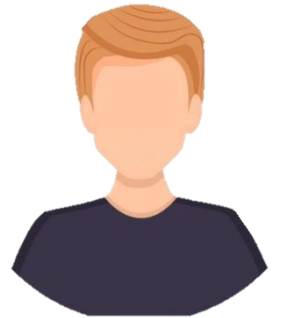
The FEMA Gyani

Okay! FEMA Gyani
Is there anything left ?



Rohit
(MD of THE Omcore
private Ltd.)

Yes Rohit,
You have to send your **Audited yearly Statement** to your
authorized dealer bank showing receipts under “ off site
” and “ on site ” contracts undertaken by the overseas
office, expenses and repatriation.

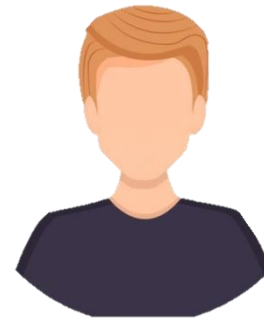


The FEMA Gyani

Understood,
Thank you FEMA Gyani



Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



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

WEBSITE

<https://jainshrimal.com/>



International Tax Gyan    
WhatsApp group



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.