

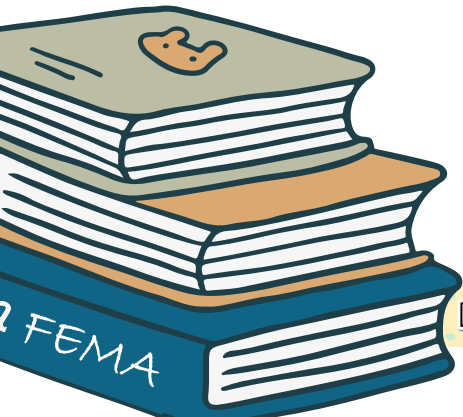
FEMA Ke Fundae

#FamiliarwithFEMA

International Financial Service Center (IFSC) Part-II

Date: 10th July, 2024

Issue no: 109



Topics already covered in
Part 1 :-

Brief Introduction Of International Financial Service Center(IFSC)



For Part 1, refer the below link:-

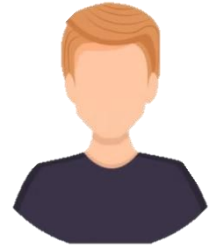




ANU
(Indian citizen)

Hello, Mr FEMA Gyani. Nice to meet you again. Thank you for providing me with a thorough understanding on IFSC in our previous discussion. I have one more doubt regarding investing in a foreign entity engaged in financial services.

Hey Anu, Yes sure, Can you please elaborate your query?



The FEMA Gyani

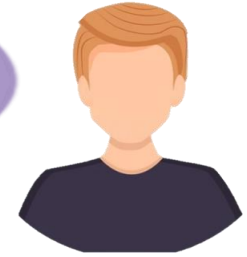
I am a director in Indian entity named Carx . Ltd. which is engaged in transportation business. And we're interested in investing in a foreign entity engaged in financial services. So are we eligible to make such investment?



ANU
(Indian citizen)



As per the previous regulations, an Indian Entity not engaged in financial services in India was prohibited from making such investment, but this restriction has been done away as per the New Overseas Investment (OI) Rules subject to certain conditions.



The FEMA Gyani



ANU
(Indian citizen)

Oh! It means Carx .Ltd. Is eligible for investment?

For making such investment **any one** of the following conditions have to be fulfilled by Carx Ltd:



The FEMA Gyani



The conditions to be fulfilled are:

Indian entity engaged in Financial Services Activity (FSA)

Indian entity not engaged in Financial Services Activity

- Can invest outside India in Financial Services Activity(FSA)

- Can invest outside India in FSA as per the new OI rules.
- Subject to condition that **such entity has posted net profits during preceding 3 financial years.**

- Can invest outside India in **FSA in IFSC**
- **No conditions of Net Profits to be fulfilled.**

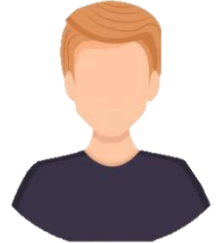




ANU
(Indian citizen)

As per my understanding, we're an Indian entity not engaged in financial service activities and have also not posted profits for the previous years. Hence I'm eligible for investment in IFSC in financial service activities.

Yes Anu, you got it right! Is there anything else i can help with?



The FEMA Gyani

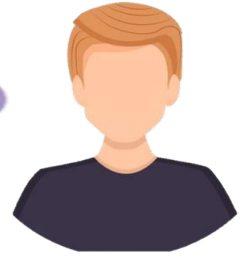


ANU
(Indian citizen)

I was also inquisitive about what if we had an Indian unlisted entity? Can it invest in IFSC as well?



Yes, an Indian unlisted entity can invest in IFSC , through OPI(Overseas Portfolio Investment) in units of investment fund or vehicle.



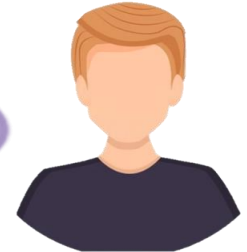
The FEMA Gyani



**ANU
(Indian citizen)**

Oh! Do resident individuals also enjoy benefits of investing in IFSC.?

Yes, there are some advantages provided to Indian residents for investment in IFSC, which I have summarised for you in tabular presentation for your better understanding :



The FEMA Gyani



Conditions	In Normal case of OI Investment by resident Individual(RI)	In case of Investment in IFSC by resident Individual
Investment in non- operating-foreign entity	✗	✓
Foreign entity (FE)engaged in FSA	✗	✓ *(If FE situated in IFSC)
FE which have subsidiary where RI has control in FE.	✗	✓ *(Both FE and Subsidiary to be situated in IFSC)
FE which have subsidiary where RI does not have control in FE.	✗	✓
Investment in foreign entity that subsequently acquires/ set-up subsidiary outside India.	✗	✗

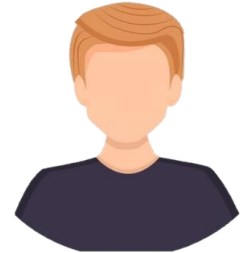




ANU
(Indian citizen)

Thank you Fema Gyani for such a knowledgeable session.

Your Welcome, Anu



The 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





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