

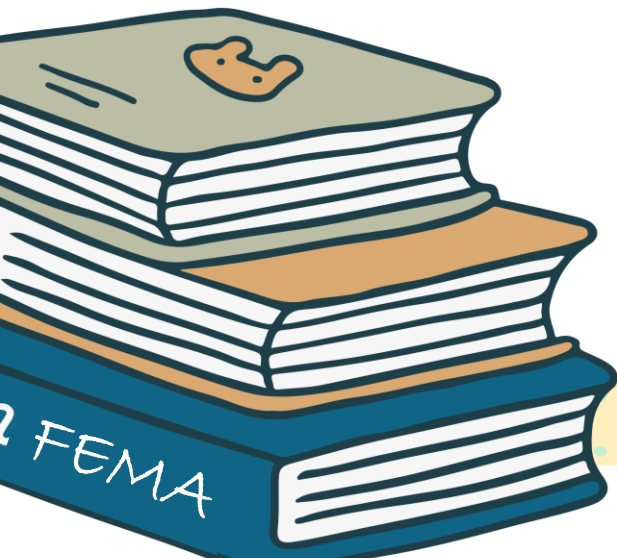
# FEMA Ke Fundae

#FamiliarwithFEMA

**Union Budget  
Proposals: Major  
changes to FEMA  
Regulations**

Date: 04/02/2026

Issue no:189

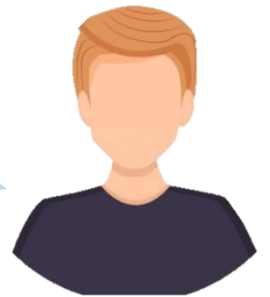




**Aarnav  
(Resident  
Individual )**

Hey, FEMA Gyani, I am Aarnav Sharma, I heard the Union Budget 2026–27 was announced recently. Are there any new changes in FEMA that we should know about?

Hi Aarnav, Yes, there are some important proposed updates under FEMA in this Budget. The government has suggested amendments to allow overseas **individuals who are Persons Resident Outside India—including NRIs, OCIs, and even foreign citizens—to invest directly in listed Indian equities.**



**FEMA Gyani**

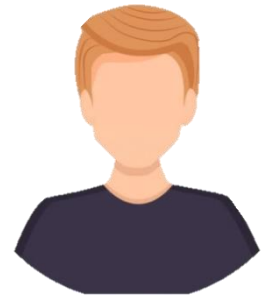


**Aarnav  
(Resident  
Individual )**

Oh, that sounds interesting. How will they be allowed to invest?



They will be able to invest through the **RBI-regulated Portfolio Investment Scheme (PIS)**. Along with this, the Budget proposes an enhancement in investment limits.



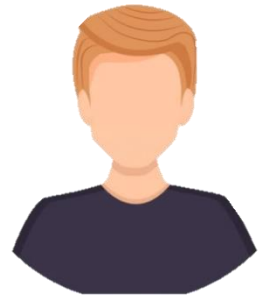
**FEMA Gyani**



**Aarnav  
(Resident  
Individual )**

What kind of enhancement are we talking about?

Under the proposal, **individual PROI investment** can increase from **5% to 10% of the paid-up capital of a listed company** and the **aggregate PROI holding** can be increased from **10% to 24%**, of course subject to **sectoral caps and company approvals**.



**FEMA Gyani**



**Aarnav  
(Resident  
Individual )**

That's quite a big change. What are the benefits of this change and When will this become effective?



**Aarnav  
(Resident  
Individual )**

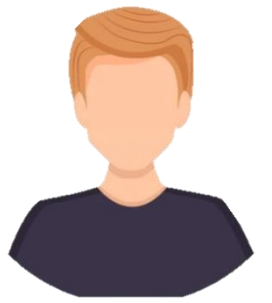


**Aarnav  
(Resident  
Individual )**

This change provides:

- Broader access to Indian Equity Markets
- Deeper Market Participation
- Attraction of stable Foreign capital
- Parity of overseas Indians and global Individuals

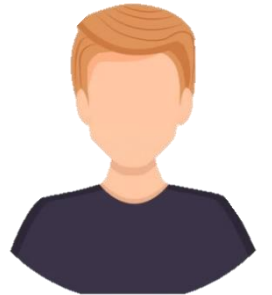
These changes will be effective once the relevant RBI and FEMA notifications are issued.



**FEMA Gyani**

Got it. Anything else in FEMA that affects individuals directly?

Yes. The Budget also proposes **easing compliance for resident buyers purchasing immovable property from NRIs.**



**FEMA Gyani**

How exactly is the compliance being eased?

The proposal focuses on **simplifying the TDS mechanism**. Earlier, buyers had to obtain a **TAN even for one-time property transactions**, but now the requirement to obtain TAN is proposed to be **removed**.



**FEMA Gyani**

## Property TDS Compliance : Old Rules vs. New Rules

| Characteristics       | Status before Budget 2026                                 | Status Proposed in Budget 2026                 |
|-----------------------|---|--|
| Requirement of TAN    | Required for resident buyers acquiring property from NRIs | TAN is no longer required                      |
| Method of TDS Payment | Payment and Reporting through TAN based Challan           | Payment to be made through PAN-based Challan   |
| Regulatory Burden     | Relatively high for one time property buyers              | Simplified with resident property transactions |



**Aarnav  
(Resident  
Individual )**

That should make things simpler.

Exactly. The idea is to **reduce procedural burden** and **streamline the TDS process**, making property transactions more practical and efficient. This should also help reduce **delays and cash-flow issues** for both buyers and sellers.



**FEMA Gyani**



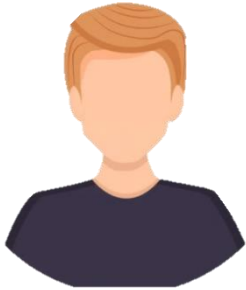
**Aarnav  
(Resident Individual )**

Okay, I have one more question, I have also heard that there are some amendments in LRS, what are those?



# Amendments to TCS on Liberalized Remittance Scheme (LRS) Remittances

| Category of Remittance | Description   | Current Provision [ITA 1961]<br>(up to 31 <sup>st</sup> march 2026) |          | Finance Bill 2025-up to 31 March 2026 – (Not Enacted) |         | Proposed provisions-<br>From 1 <sup>st</sup> April 2026 |         |
|------------------------|---|---|----------|---|---------|---|---------|
|                        |   | Threshold limit   | Rate (%) | Threshold limit                                       | Rate(%) | Threshold limit   | Rate(%) |
| Education expense      | Loan taken from specified financial institution defined in sec 80E  | NIL   | NIL      | NIL   | NIL     | NIL   | NIL     |
|                        | Loan taken from financial institution not covered under sec 80E     | ₹10,00,000  | 5%       | ₹10,00,000  | 5%      | ₹10,00,000  | 2%      |
| Overseas Tour Package  | Purchase of an international tour package below ₹10,00,000          | <₹10,00,000   | 5%       | <₹10,00,000   | 5%      | NIL   | 2%      |
|                        | Purchase of an international tour package above ₹10,00,000          | >₹10,00,000   | 20%      | >₹10,00,000   | 20%     | NIL   | 2%      |
| Medical Treatment      | Remittance for medical costs  | ₹10,00,000  | 5%       | ₹10,00,000  | 5%      | ₹10,00,000  | 2%      |
| other remittance       | For example: investment in bonds, equities, real estate, gifts etc. | ₹10,00,000  | 20%      | ₹10,00,000  | 20%     | ₹10,00,000  | 20%     |



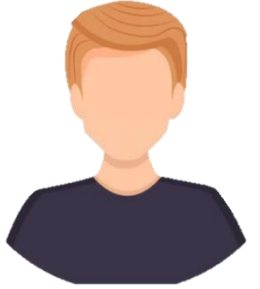
**FEMA Gyani**



**Aarnav  
(Resident  
Individual )**

And this will apply immediately?

It will apply **once the proposed amendments are formally notified.**



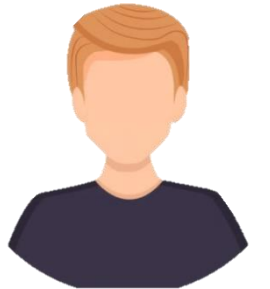
**FEMA Gyani**



**Aarnav  
(Resident  
Individual )**

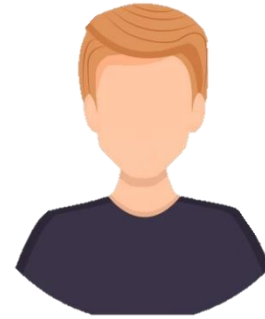
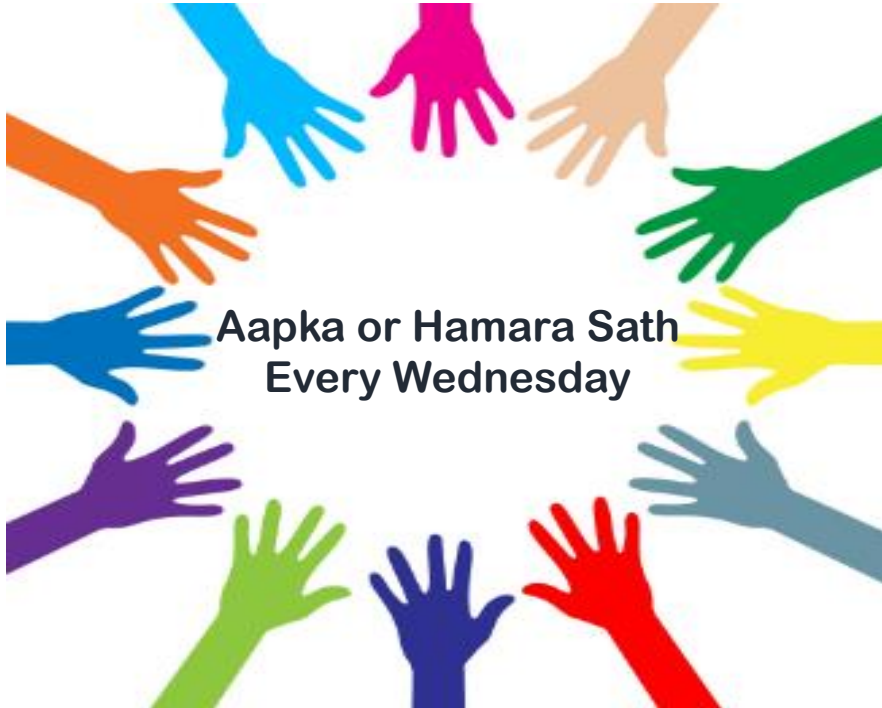
Thanks a lot. These FEMA changes under Budget 2026–27 definitely seem aimed at easing cross-border investment and real estate transactions.

Absolutely. The overall intent is to promote **cross-border investment** and **ease of doing business.**



**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.

