

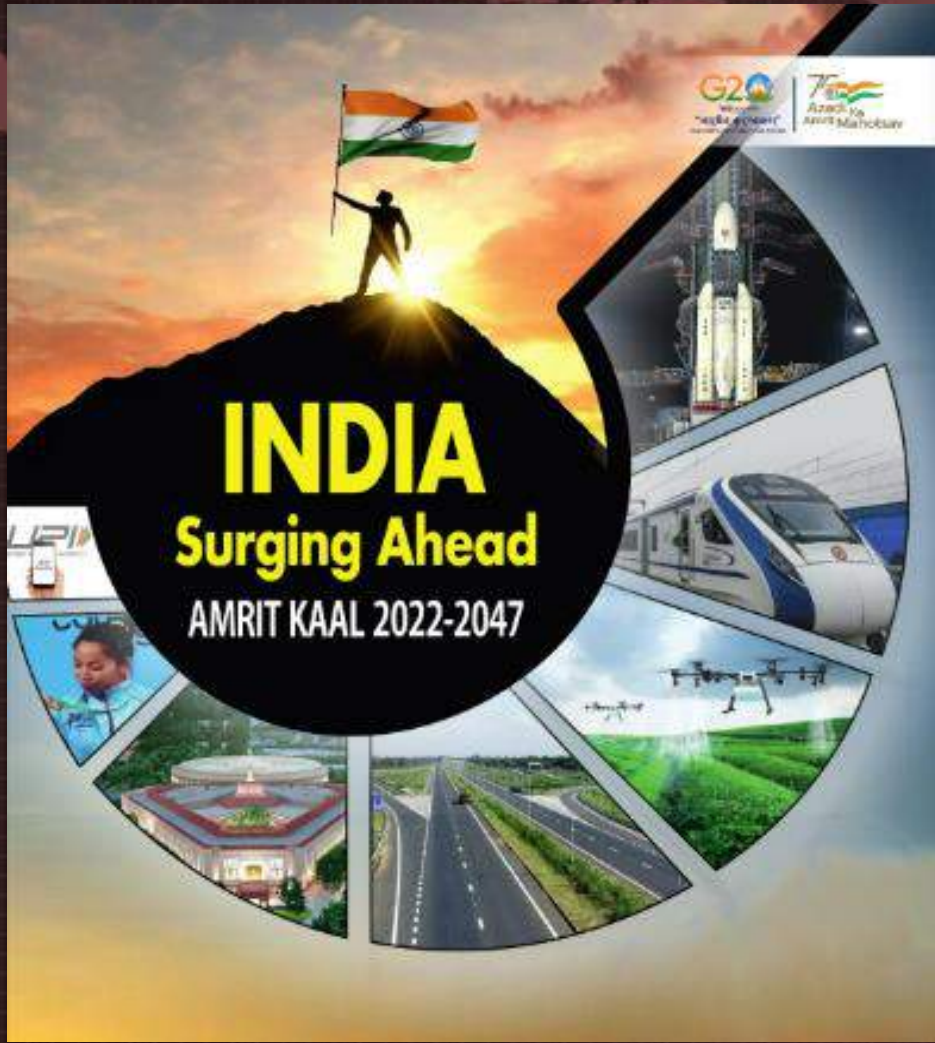
अमृत काल

NRI
FINANCIAL
CONCLAVE
2023

Amrit Kaal for NRIs in India

**NRI Taxation & Regulations
and
NRI Investments & Insurance**

•
**Panel Discussion :
Opportunities for NRI in Gift City**

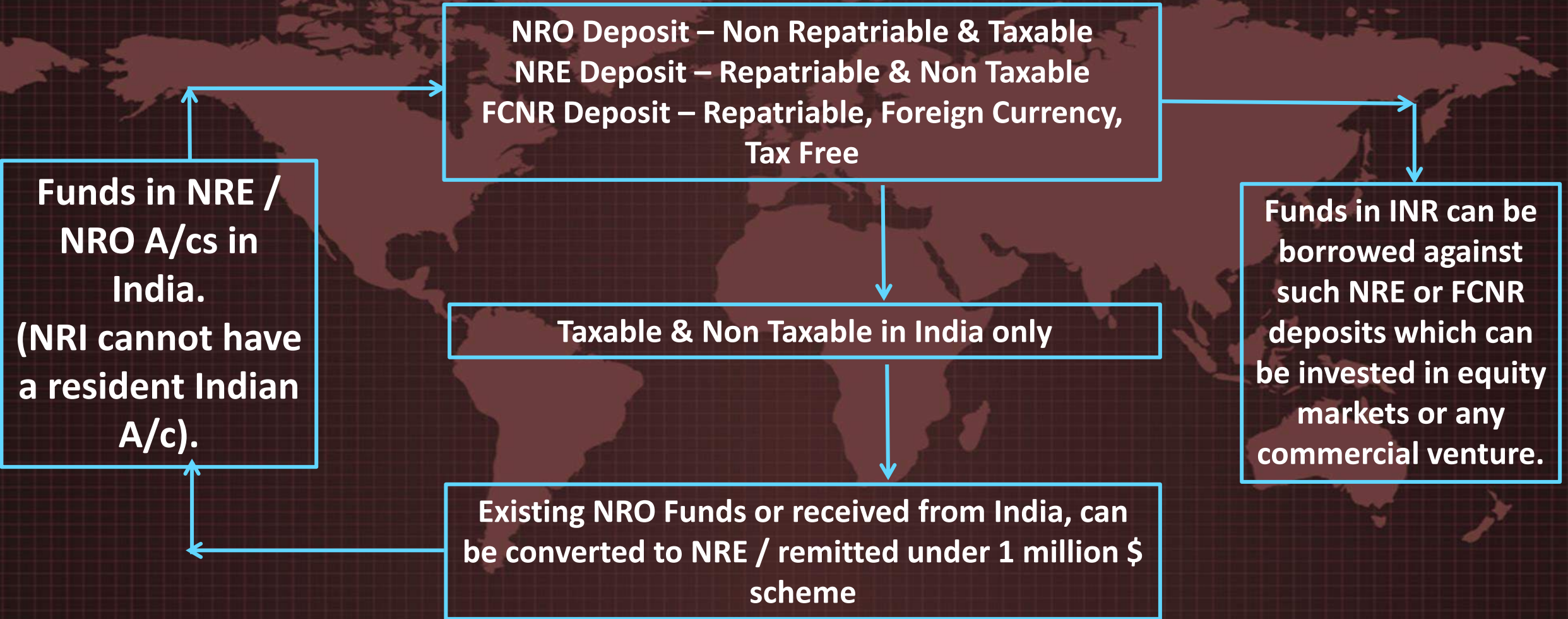


Amrit Kaal for NRIs in India - NRI Taxation & Regulations

I want a fixed return for my
investments in India

I want a fixed return for my investments in India

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Remittance of funds

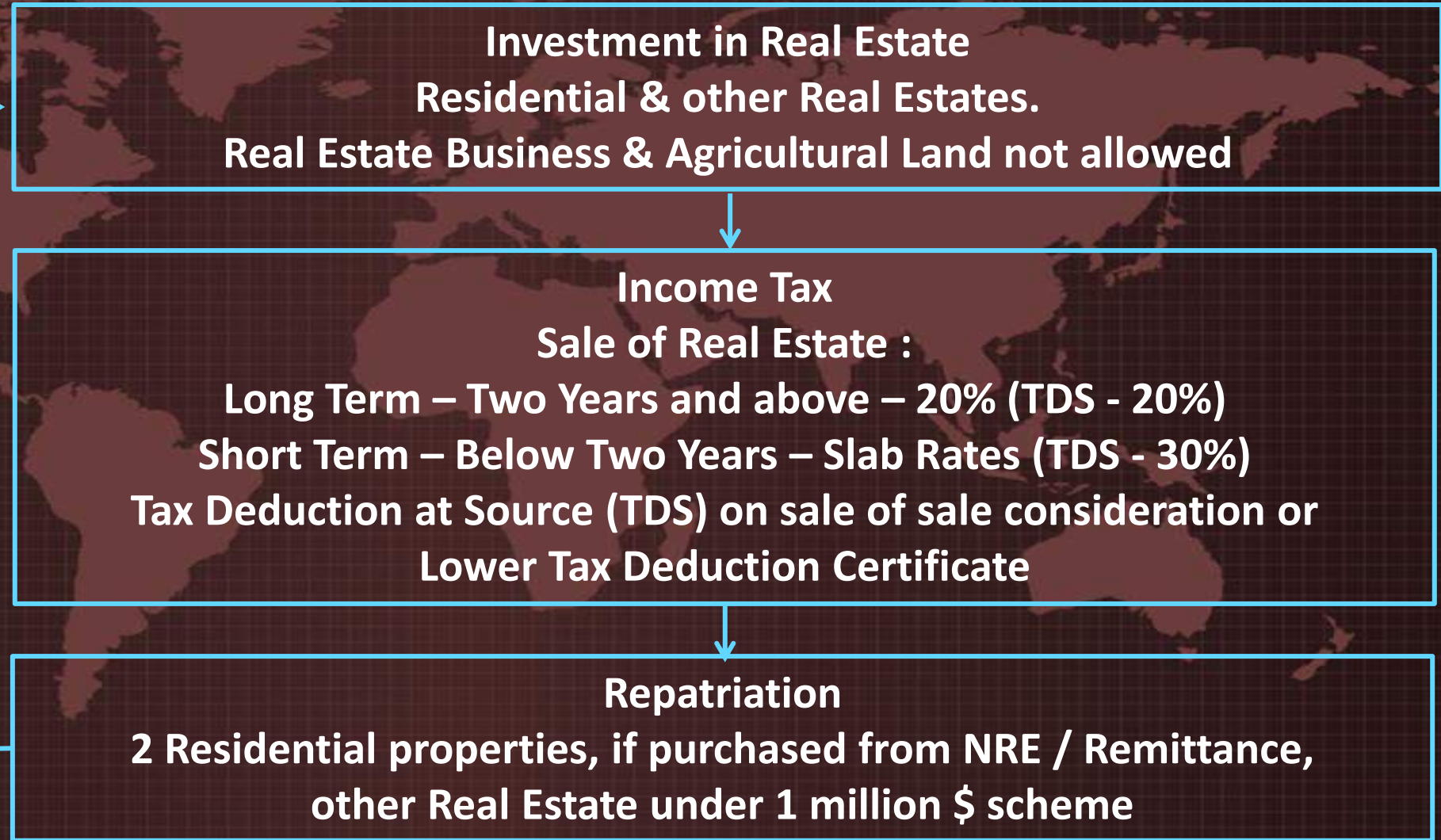
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- ✓ NRI can avail the benefit of transferring funds (other than borrowed funds) from NRO A/c to the extent of US\$ 1 million per person per year to NRE A/c or out of India.
- ✓ A person who desires to make a remittance of amount exceeding US\$ 1 million per financial year may apply to the Reserve Bank of India for a special permission.
- ✓ Where immovable assets are acquired from balances of NRE / FCNR Account/remittance from abroad, sale proceeds thereof, can be repatriated outside India. In case of, residential houses, maximum two such properties.
- ✓ Current Incomes (Current Account Transactions) like interest, rent, business & professional incomes, etc. can be remitted outside India or NRE Account without any limit.

I want to invest in Real Estate in India

I want to invest in Real Estate in India

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I want to invest
or start a business in India

I want to invest or start a business in India

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Proprietorship / Partnership - Real Estate Business or Agriculture activity not allowed
LLP / Company - Businesses under Automatic Route

Each entities taxable at Indian Tax Rates

Individual income of NRI liable to tax in India

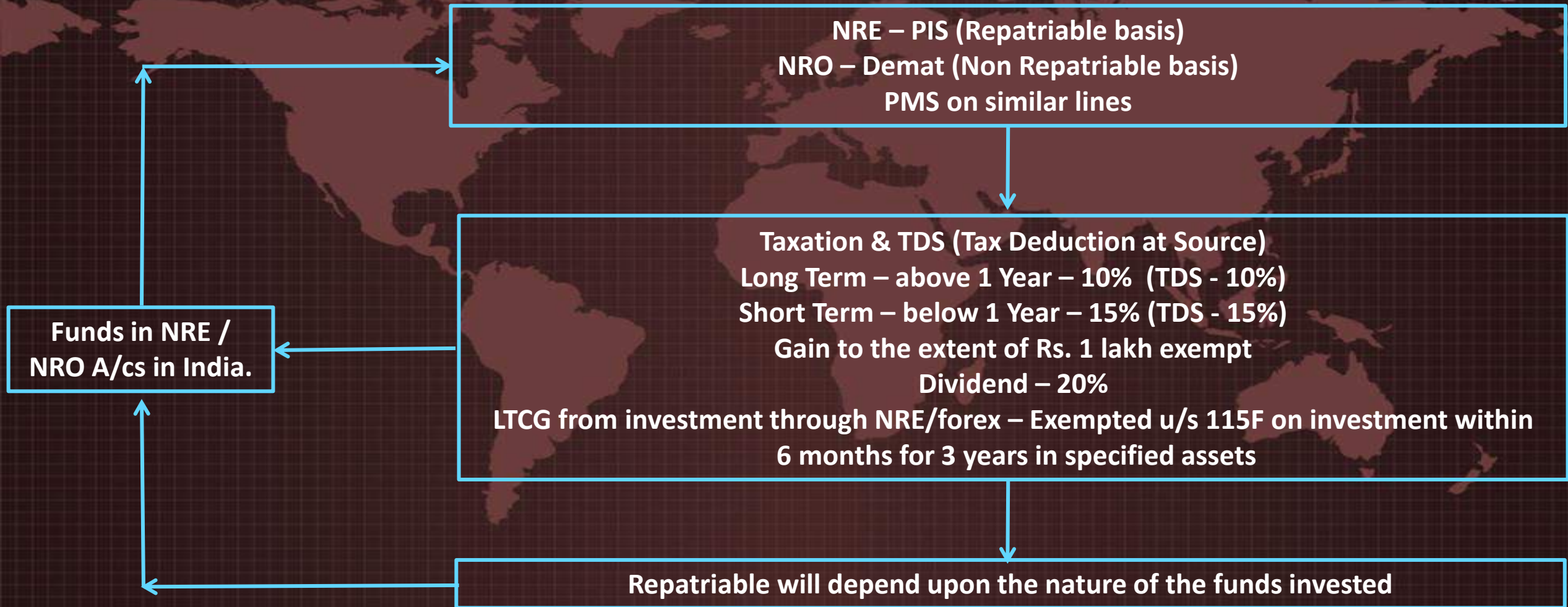
TDS on the incomes paid to NRI at specified rates

Repatriable if investment made on repatriable basis OR
Remittance under 1 million \$ scheme

Funds in NRE /
NRO A/cs in
India.

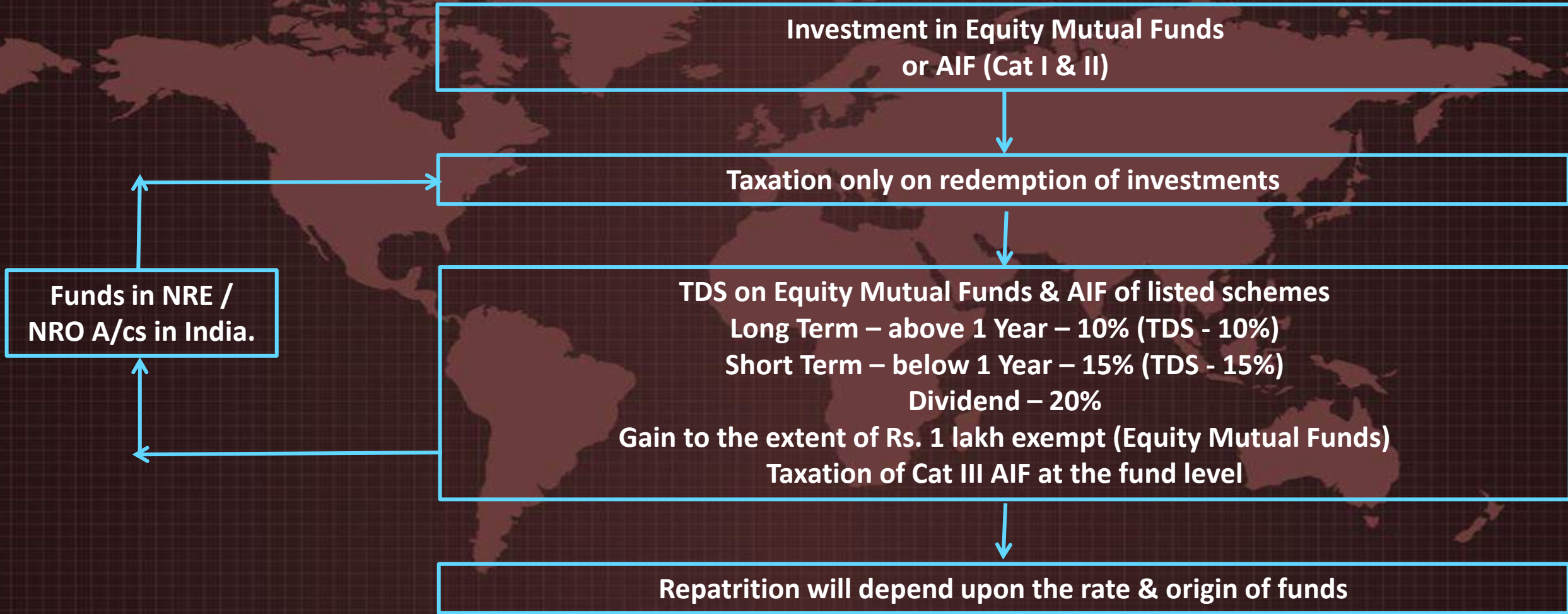
I want to invest in
Shares or PMS (Portfolio Management Services)
in India

I want to invest in Shares or PMS in India



I want to invest in
Indian Mutual Funds &
AIF (Alternative Investment Funds)

I want to invest in Indian Mutual Funds & AIF



Laws governing Non Resident Indians in India (NRIs)

Laws governing Non Resident Indians in India

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Law	Basics of determination	Impact of the law
Income Tax Act	Number of days of stay in India.	Taxability of Indian income & Foreign income.
Foreign Exchange Management Act (FEMA)	Number of days of residing and the conduct & intention of the person.	Banking & Investments in India.
Citizenship Act	Holding of citizenship of India or any other country.	Fundamental rights as a citizen of a country.
Overseas Citizen of India (OCI), Citizenship Act	Satisfying conclusive tests of claiming OCI eligibility.	Several privileges to a foreign national in India.

Do I need to disclose
my Indian income in my country of residence?

Basic of Taxation (When income from more than one country)

Residence Rule

Under this rule, the country can tax persons if they are residents or domiciled in the country, regardless of the source of income. The principle of residence – based taxation of income envisages the taxation of global income.

Source Rule

Under this rule, the taxation is at the source country where the income is generated. The principle behind source based taxation is to pay taxes in the country which provides opportunity for generation of that income.

Would I be doubly taxed
in India as well as my
country of residence?

Double Taxation Avoidance Agreement(DTAA)

What is a Double Taxation Avoidance Agreement (DTAA)?

- ✓ Double Taxation Avoidance Agreement (DTAA) is an agreement entered into between countries, with the basic objective to avoid, taxation of income in both the countries (i.e. Double taxation of same income) and to promote and foster economic trade and investment between the two countries.
- ✓ India has DTAA with over 94 countries such as the US, the United Kingdom, the UAE, Canada, Australia, Saudi Arabia, Singapore and New Zealand, Kenya, Tanzania, South Africa, Sudan etc.

I am a Green Card/U.S. Passport holder
predominantly staying in India,
am I liable to do any tax compliance in US?

- ✓ A Green Card/U.S. Passport holder becomes a US Tax Resident, no matter where he/she lives.
- ✓ A Green Card/ U.S. Passport holder predominantly staying in India becomes an Indian tax resident also.
- ✓ If an individual is an tax resident of more than one country, then TIE BREAKER RULE in the DTAA between both the countries will apply.
- ✓ The test specified in DTAA between US and India are as follows:
 - Place of Permanent Home, if not determinable, then Center of Vital Interest.

Tax planning for a Green Card holder



Tax Resident of more than one country :

Compliance to be done in each respective countries for application of TIE BREAKER RULE, when a person “Tax Resident” of two countries at the same time.

Particular	Disclosure to be made
If person <u>adjudged to be tax resident of India</u> and non resident of U.S.A.	In <u>India</u> – <u>Global</u> Income Taxable In <u>USA</u> – <u>Source</u> Income Taxable Form 8833 Treaty – Based Return Position Disclosure + Return Form 1040 NR to be filed {if applicable} + FATCA & FBAR reporting in Form 8938 {if applicable} + Form no. 10FA to obtain Tax Residency Certificate from India {if required by authorities}.
If person <u>adjudged to be tax resident of U.S.A.</u> and non resident of India	In <u>USA</u> – <u>Global</u> Income Taxable In <u>India</u> – <u>Source</u> Income Taxable (Tax Residency Certificate to be obtained from USA by applying on Form 8802 and obtain Tax Residency Certification Form No. 6166 and submit it to Income Tax Department along with Income Tax Return in India)

**Are Indian Mutual Funds & AIF taxed in the US
only on sale / redemption of such investment?**

- ✓ Indian Mutual Funds are subject to PFIC (Passive Foreign Investment Company) regulations in USA.
- ✓ Indian Mutual Funds are taxed on the notional appreciation from the value on the date of purchase or value on the start of the year (1st January) to end of the year (31st December).

What is an effective way to mitigate the anomaly arising out of different accounting years between different jurisdictions for the disclosure of incomes and assets?

Way to mitigate the anomaly of different accounting years



For Instance...

- ✓ Financial Year in India is 1st April to 31st March.
- ✓ Financial Year (Tax Year) in US is 1st January to 31st December.

Segregating transactions in the following form :

- ✓ From 1st January to 31st December from the bank statement / investment statement.
- ✓ If more transactions have been undertaken, pass entries in computerized accounting software, then segregate it on start & end date basis.
- ✓ We are clear about the income to be aggregated in US tax return.

Tax Credit of the incomes taxed in India :

- ✓ For Indian incomes between 1st January to 31st March, taxes & Returns would have been filed, credit of taxes (not any interest or penalty) on that basis.
- ✓ For Indian incomes between 1st April to 31st December, credit on the basis of withholding tax in India (TDS) or advance tax paid. These advances taxes should be towards final tax liability.

Way to mitigate the anomaly of different accounting years



Data to be supplied for US tax compliance :

- ✓ Details of all the different types of incomes, date wise, as per respective financial year.
- ✓ Name & Address of the source of income.
- ✓ Conversion of each income in respective foreign currencies as per prescribed reference rates.
- ✓ Tax withheld (TDS) / Advance Tax (Prepaid Taxes).
- ✓ Finally tax liability on that income and tax paid on the income for which credit is to be claimed.

Data supplied for US tax compliance :

- ✓ Details of assets held at the end of the respective year in respective currencies.
- ✓ Details of investments made during the respective year in respective currencies.
- ✓ Closing balance of Mutual Fund units at the end of the year, for USA, in prescribed format (Form 8621).

Is an NRI required to file income tax returns every year if PAN is obtained in India?

Who is required to file Income Tax return in India?



1. Person whose income exceeds Rs. 2.5 lakhs in India (before giving effect of deductions under Chapter VI-A and certain capital gains exemptions – Sec 10A, 10B, 54, 54B, 54D, 54EC, 54F, 54G, 54GA, 54GB).
2. Person who wants to claim refund of any taxes which have been withheld (TDS deducted).
3. Person who wants to claim a loss and carry forward the said loss for set off in subsequent years.
4. Following categories of persons irrespective of the income:
 - i. Deposited an amount exceeding Rs.1 crore in current accounts by any mode during the year.
 - ii. The deposit in one or more savings bank account of the person, in aggregate, is rupees fifty lakh or more during the previous year.
 - iii. If his total sales, turnover or gross receipts, as the case may be, in the business exceeds sixty lakh rupees during the previous year; or
 - iv. If his total gross receipts in profession exceeds ten lakh rupees during the previous year; or
 - v. If the aggregate of tax deducted at source and tax collected at source during the previous year, in the case of the person, is twenty-five thousand rupees or more (fifty thousand in case of senior citizen); or
 - vi. Has incurred electricity expenditure in aggregate exceeding Rs.1 lakh during the year.
 - vii. Incurred an expenditure exceeding Rs. 2 lakh on travel out of India from Indian bank account during the year for himself or any other person.

How can an NRI lawfully plan his tax affairs in India?

Can an NRI to lawfully plan their tax affairs in India?



Tax Planning for NRI in India

- ✓ Deduction for investments U/s. 80C maximum of Rs. 1,50,000.
 - Life Insurance Premium
 - Equity Linked Savings Scheme of Mutual Fund (ELSS)
 - 5 Year Bank FD
 - Repayment of Housing Loan
 - PPF (In existing A/c)
- ✓ Deduction for Health Insurance U/s. 80 D.
 - Maximum of Rs. 25,000 for age below 60 Years and Rs. 50,000 for age above 60 Years PLUS additional Rs. 50,000 for Senior Citizen Parents.
- ✓ Deduction for donation U/s. 80G – 50%/100% of sum donated, maximum upto 10% of Gross Total Income.
- ✓ Deduction U/s. 80TTA on interest earned on Savings Bank Account (NRO A/c) maximum of Rs. 10,000.

Can an NRI to lawfully plan their tax affairs in India?



Tax Planning for NRI in India

- ✓ Deduction U/s. 24 is available on interest paid on Housing Loan against Income from House Property. Loss under this head can be claimed, maximum of Rs. 2,00,000 against other incomes in the year of income.
- ✓ If an NRI intends to stay for a long period in India, in order to ensure that he does not become a resident, he can split stay in two financial years.

Can an NRI to lawfully plan their tax affairs in India?

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Tax Planning for NRI in India

Capital gain related exemptions

Sr. No.	Exemption	Relevant Provision
01	Investment of Capital gain in Capital Gain Bonds to the extent of Rs. 50 Lakhs - gain from land & building	54EC
02	Investment of capital gain in residential house on sale of a residential house	54
03	Investment of consideration in residential house on sale of any other asset other than residential house	54F

Can an NRI to lawfully plan their tax affairs in India?



Tax Planning for NRI in India

Following receipts in cash or kind are tax free U/s. 56 (2) of the Income Tax Act:

1. Any amount to the extent of Rs 50,000
2. From following persons without any upper limit:
In case of an individual :
 - A. Spouse of the individual.
 - B. Brother or Sister of the individual.
 - C. Brother or Sister of the spouse of the individual.
 - D. Brother or Sister of either of the parents of the individual.
 - E. Any lineal ascendant or descendant of the individual.
 - F. Any lineal ascendant or descendant of the spouse of an individual.
Spouse of the person referred to in items (B) to (F).
3. On the occasion of the marriage of an individual.
4. Under a Will or by way of inheritance.

Can an NRI to lawfully plan their tax affairs in India?



Tax Planning for NRI in India

- ✓ Non Resident should receive his incomes abroad, and then remit such incomes credited in the foreign accounts, to India. If the incomes are received in India, they become taxable in India.
- ✓ All incomes exempt under Income Tax in India such as proceeds of insurance policy u/s 10(10D), interest on NRE account u/s 10(4), capital gain exemptions u/s 54/54EC/54F, etc. shall be taxable in the respective country of tax residence.

Can an NRI to lawfully plan their tax affairs in India?



Tax Planning for NRI in India

- ✓ Interest on NRO A/c (Savings of Fixed Deposits) is taxable. An NRI can transfer his NRO A/c balances, within the limit of 1 Million US\$, per person per year to NRE A/c / FCNR deposits and make the interest income tax free.
- ✓ HUF (Hindu Undivided Family) are recognized as a separate legal entity under Indian Tax laws. Income of HUF is not the income of and individual.
- ✓ Utility of HUF as an entity for investments can be looked into for planning the tax liability abroad. NRO Bank A/c of HUF can be opened, if all the members are NRI to take advantage of separate income tax head.

Are there any changes in the Indian Tax administrative system in recent times?

Change on the Tax compliance front:

- ✓ All filings with the Income Tax Authorities are E-filing. Complete change on the Tax compliance front.
- ✓ Scrutiny of all Filings, Assessments, Appeals, are faceless.
- ✓ All financial transactions are mapped with Permanent Account Number (PAN).

Change on the Tax compliance front:

- ✓ No scope of any personal interaction with / by any Income Tax authorities for any reasons.
- ✓ Functioning of the Income Tax Department undergoes major changes. A landmark reform going unnoticed.
- ✓ A march towards ending a parallel economy and making India a cashless & compliant economy.

How does the transmission of Assets of NRI in India happens? Is it in accordance with the laws of succession in respect of their home country?

Transmission of movable and immovable assets in India happens in accordance with the laws of succession in India.

What is the difference in the position of laws of succession on demise of an NRI after executing a Will or without executing a Will?

Laws of succession for an NRI in India



On death of a person Succession operates

Testamentary Succession
(when a person decease after making a Will)

- ✓ The Indian Succession Act
- ✓ Muslim Shariat Law

Intestate Succession
(when a person decease without making a Will)

- ✓ Hindu Succession Act
Hindu, Sikhs, Jain & Buddhists
- ✓ Muslim Shariat Law
Muslim
- ✓ The Indian Succession Act
Christian, Parsi

Is nomination enough to ensure appropriate succession of financial investments of NRI in India?

- ✓ On death of the holder of such assets transmission of assets needs to be done in favour of the nominee.
- ✓ Nominee is not the owner of the assets, he is merely a custodian. The real owner of the asset is the one who is the owner under the laws of succession as per the Testamentary Succession (where Will is made) or Intestate Succession (where Will is not made).

Does an NRI need to be present in India to execute his valid Will in respect of his Indian Assets?

Preparation of a valid Will for Indian Assets



- ✓ The Will can be validly prepared outside India. It should have the essentials of a valid Will.
- ✓ Ideally should be signed by the testator and two witnesses in presence of Notary Public in foreign country.
- ✓ Declarations of both the witnesses should be executed before Notary Public affirming that they acted as witness to the Will.



Amrit Kaal for NRIs in India

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NRI Investments & Insurance

India: Beginning of the Amrit Kaal Moment

India: Beginning of the Amrit Kaal Moment

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Growth rate of top 20 economies of the world in the year 2023.

Country	Growth Rate	Country	Growth Rate
India	6.3 %	Australia	1.8 %
China	5.0 %	South Korea	1.4 %
Indonesia	5.0 %	Canada	1.3 %
Turkey	4.0 %	France	1.0 %
Mexico	3.2 %	Switzerland	0.9 %
Brazil	3.1 %	Saudi Arabia	0.8 %
Spain	2.5 %	Italy	0.7 %
Russia	2.2 %	Netharland	0.6 %
USA	2.1 %	UK	0.5 %
Japan	2.0 %	Germany	-0.5 %

Source : https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEO_WORLD

Source : <https://ceoworld.biz/2022/03/31/economy-rankings-largest-countries-by-gdp-2022/>

India: Beginning of the Amrit Kaal Moment

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Interest rates of top 20 economies of the world in the year 2023.

Country	30-11-2022	01-12-2023	Country	30-11-2022	01-12-2023
Russia	7.5%	15.00%	Netherland	2.00%	4.50%
Brazil	13.80%	12.30%	Italy	2.00%	4.50%
Mexico	9.25%	11.25%	France	2.00%	4.50%
India	6.25%	6.50%	Spain	2.00%	4.50%
Indonesia	5.25%	6.00%	Australia	2.85%	4.35%
Saudi Arabia	5.59%	6.00%	China	2.75%	3.45%
USA	3.75%-4%	5.25%-5.50%	South Korea	3.25%	3.50%
UK	3.00%	5.25%	Switzerland	0.50%	1.75%
Canada	3.75%	5.00%	Japan	-0.10%	-0.10%
Germany	2.00%	4.50%			

Source : <https://www.cbrates.com/>

Source : <https://www.cbrates.com/centralbanks.htm#b>

India: Beginning of the Amrit Kaal Moment

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Stock market performance of top 20 economies of the world
(Change from 05-12-2022 to 04-12-2023 - last one year).

Country	Growth Rate	Country	Growth Rate
Russia – MOEX	41.26%	Saudi Arabia Tadawul All Share	9.55%
Italy - FTSE MIB	24.63%	Netharland - AEX	7.82%
Spain - IBEX 35	22.87%	Indonesia - IDX Composite	6.62%
Brazil – BOVESPA	17.15%	South Korea - KOSPI	5.39%
USA - S&P 500	16.55%	Canada - S&P/TSX	1.66%
USA – Nasdaq 30.31%		UK - FTSE 100	0.96%
Germany – DAX	16.13%	Switzerland - SMI	-0.29%
Japan - NIKKEI 225	15.79%	Switzerland – SMI	-0.29%
France - CAC	12.25%	Australia - S&P/ASX 200	-0.25%
India – Sensex	12.29%	China - Shanghai Composite	-16.93%
India – Midcap 35.42%			
India – Smallcap 38.74%			

Source : <https://in.investing.com/indices/major-indices/performance>

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Depreciation of the currency against US\$ of 20 economies of the world - stable
(Change from 30-11-2022 to 01-12-2023 - last one year).

Country	Change	Country	Change
Turkey (TRY)	35.65%	Indian (Rupee)	2.38%
Russia (RUB)	31.64%	Canada (CAD)	1.13%
South Africa (ZAR)	8.92%	Chile (CNY)	0.67%
Japan (JPY)	6.86%	South Korea (KRW)	-0.18%
Spain (Euro)	4.42%	Saudi Arabia (SAR)	-0.20%
Germany (Euro)	4.42%	Indonesia (IDR)	-1.45%
Italy (Euro)	4.42%	UK (GBP)	-4.71%
France (Euro)	4.42%	Brazil (BRL)	-5.38%
Netherland (Euro)	4.42%	Switzerland (CHF)	-8.07%
Australia (AUD)	2.68%	Mexico (MXN)	-10.78%

Source : <https://in.investing.com/currencies>

India: Beginning of the Amrit Kaal Moment

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□ The Amrit Kaal drivers:

✓ Demographic dividend –

- Population of 1.4 bn with 47% under the age of 25!
- Largest young workforce – English speaking, skilled and well educated.

✓ Democratic governance

- Strong and stable government.
- Constructive tax reforms and business oriented policy framework.
- Transparency and efficiency of capital markets.
- Independence and productivity of public sector.
- Agility of the Central Bank in credit control.

India: Beginning of the Amrit Kaal Moment



✓ Geopolitical might

- Diplomatically connected, yet not aligned to powers.
- Strategically positioning for own economic interests.

✓ Digitization and financialization of the economy.

- Highest number of UPI transactions and second highest internet user base in the world.
- Domestic financialization overshadowing foreign inflows.

✓ Consumption boost

- Fastest growing consumer market in the world with \$2000+ per capita income.
- Major shift from unorganized to organized players.

India: Beginning of the Amrit Kaal Moment

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- ✓ **Infrastructure buildup**
 - Country wide development with billions of dollars of investments into railway, road network and aviation.
- ✓ **Make in India, Make for the World**
 - **Offshoring gains** – Shifting of manufacturing from China (China + 1 strategy).
 - Indian exports crossing US\$ 450 billion.
 - Robust capex cycle by private sector

How can an NRI participate in India's Amrit Kaal?

How can an NRI participate in India's Amrit Kaal?



Investment in Equity Mutual Funds in India

- ✓ Widely accepted as the most simple, convenient and cost effective means of investment in the Equity Market in India.
- ✓ Investors often invest in schemes on random basis and often participate in NFO (New Fund Offer) of Mutual Funds.
- ✓ Well designed portfolio basis investor financial profile, risk appetite and financial goals.
- ✓ Mutual Fund schemes with appropriate distribution across various categories (Large & Mid, Flexicap, Multicap, Midcap, Smallcap, Value, Thematic/Sectoral funds, Foreign Funds, etc.)
- ✓ AMC (Asset Management Company) concentration, quartile performance and benchmark comparison.

How can an NRI participate in India's Amrit Kaal?



Investment in Portfolio Management Service (PMS)

- ✓ Investment in a portfolio of Equity Shares.
- ✓ Diversification of stocks.
- ✓ Taxation when shares are transferred - no notional tax in USA.
- ✓ Choice of portfolio options and also choice of fund manager is available as per specific needs.
- ✓ PMS portfolio unimpacted by inflow & outflow of other investors.
- ✓ Limited regulatory restrictions on fund management.
- ✓ Minimum investment size Rs. 50,00,000/-.

Investment in Unlisted Shares

Why should we invest in Unlisted Shares?

- ✓ “CATCH THEM YOUNG” - early mover advantage.
- ✓ The returns on such stock would be multi-bagger.
- ✓ When the come for IPO the success story is evident & visible to the world at large.

Investment in Unlisted Shares

Parameters for stock selection when investment directly in specific stock.

- ✓ Promoter.
- ✓ Track Record.
- ✓ Business activity – Futuristic.
- ✓ MOAT – Competitive advantage available.
- ✓ Possibility of value unlocking – chances of going for IPO.
- ✓ Comfort in longer holding period – For delay in IPO.

How can an NRI participate in India's Amrit Kaal?

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Case Study: Success story of unlisted stocks of Tata Technologies Ltd.

7x in less than 3 years – Staggering 104% CAGR!!!

Activity	Month	No. of shares	Price	Amount
Investment	Feb 2021	1	1575/-	1575/-
Bonus (1:1)	Jan 2023	2	814/-	1628/-
Split (5:1)	Jan 2023	10	814/-	8140/-
IPO price	Nov 2023	10	500/-	5000/-
Current price	8 th Dec 23	10	1192/-	11920/-

How can an NRI participate in India's Amrit Kaal?

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Stocks of top Indian unlisted companies with bright future available



Seek complete details from us for investing in these companies

Challenges for investment in unlisted stocks

- ✓ Investment in Unlisted Stocks, through AIF, can address the major concerns of investor such as:
 - Which unlisted companies to invest in?
Their business, future, promoters, chances of IPO, etc.
 - What price to pay for unlisted stock?
Comparison with Indian & Global peers, adopting well analyzed valuation model.

How can an NRI participate in India's Amrit Kaal?



Investment in unlisted & listed stocks through Alternative Investment Fund (AIF)

- ✓ Structured way of investment in Unlisted Stocks and also Listed stocks.
- ✓ AIF for unlisted stocks – Finding good investment ideas available at attractive valuations.
- ✓ Investment by highly experienced Fund Managers connected with industry.
- ✓ AIF managed by institution of high repute.
- ✓ Minimum investment size is Rs. 1 Cr payable normally in tranches.
- ✓ Investment period could be 5 + 1 + 1 years.
- ✓ AIF for listed stocks - Taxation & Compliance of gains from sale of securities is the responsibility of the AIF and not the investor - same as a Mutual Fund.

How can an NRI participate in India's Amrit Kaal?



Investment in Unit Linked Insurance Plan (ULIP)

- ✓ ULIP is a combination of investments with life insurance.
- ✓ Multiple investment options in various categories of equity as well as debt available.
- ✓ Life insurance cover is attractive and very cost effective if policy is held for long tenure.
- ✓ The investor is allotted units for the investment through payment of premiums at the respective NAVs.
- ✓ No capital gains tax on internal switching of funds and on sale of units of ULIP (up to annual premium of Rs. 2.5 lakhs per individual).

Investment in Guaranteed Return Insurance Plan

- ✓ Premium is paid for a term of 5, 10, 15 installments and maturity proceeds are received after a term in a fixed pre-decided manner.
- ✓ The guaranteed payment is in a manner that the IRR (Internal Rate of Return) turns up to 6% + over the tenure of the policy depending on the age of the investor.
- ✓ The life cover of the insured extends up to beginning of the maturity proceeds.
- ✓ The insurance premium paid is eligible for deduction under section 80C of the Income Tax Act up to Rs. 1.50 lakhs per year and the maturity proceeds are also tax-free in India. (when premium does not exceed Rs. 5 lakhs.)

Retirement Planning for NRI in India

- ✓ Through Fixed Income: Pension plans for NRI in India are competitive and attractive in terms of return and flexibility and provide life cover for longer tenures as compared to the pension and other insurance plans outside India.
- ✓ Through Equity oriented option: The equity corpus can be built in Equity Mutual Funds through SIP/lumpsum investments during the accumulation phase and can be withdrawn in a tax efficient and flexible manner through regular growth of corpus with time.

Insights for NRI through practical experiences to
successfully navigate in India's Amrit Kaal

Should NRIs always invest in Indian real estate?



- ✓ Liquidity and management of Real Estate continues to be a challenge.
- ✓ Process of investment, disinvestment and remittance of proceeds requires efforts and time.
- ✓ Next generation of most NRIs is not keen to relocate to India and manage the immovable properties.
- ✓ Real Estate for self use of NRI planning or may be required to relocate to India on need basis.
- ✓ Hence, Real Estate is not a preferred route of investment vis-à-vis financial assets for NRI.

How should an NRI evaluate investment returns in India?



- ✓ Taxation is neutral for investment incomes from any country (residence or source).
- ✓ The pre tax returns (expected returns before tax) should be compared and evaluated with available options in country of residence.
- ✓ Income Tax compliances and assessments completely online and faceless.
- ✓ Flat rate of taxation & TDS for gains on most financial investments.

Repatriation for NRI in India

- ✓ Repatriation of sale proceeds from financial & real estate assets acquired from foreign origin funds seamlessly possible.
- ✓ Repatriation of other funds possible under the USD 1 million per person per year regulation of RBI for the NRI.

Can an NRI invest and transact in Indian financial markets as well as real estate without physically visiting India?



- ✓ Banking operations – End to end transactions can conveniently happen from anywhere across the globe digitally.
- ✓ Financial Investments - All investment related transactions in Mutual Funds, PMS, stocks, other securities, etc. can also take place digitally.
- ✓ Real Estate - Buying and selling of real estate can also be executed outside India. Selling may require additional formalities depending on the respective state law.
- ✓ Income Tax Compliances - All Income Tax compliances, assessments, etc. are digital now, removing the need to physically visit the tax department.

INR depreciation against the foreign currencies

Depreciation of INR against the foreign currencies in the times to come

2.96% depreciation CAGR in 7 years.

(Change from 31-12-2016 to 30-11-2023).

Activity	2016	2017	2018	2019	2020	2021	2022	2023
1 \$ to ₹	67.96	63.84	69.57	71.36	73.04	74.47	82.75	83.36

Source : <https://www.investing.com/currencies/usd-inr>

- ✓ Depreciation of currency on account of two factors:
 - Foreign fund inflows and outflows.
 - Inflation differential between the two economies.
- ✓ Foreign fund flows beginning to improve through FII financial investments as well as FDI structured investments in India.

INR depreciation against the foreign currencies

अमृत काल

Depreciation of INR against the foreign currencies in the times to come

Comparison of Inflation in major economies globally

Activity	2019	2020	2021	2022	2023
United States (US)	1.80%	1.30%	4.70%	8.00%	4.10%
United Kingdom (UK)	1.80%	0.90%	2.60%	9.10%	7.70%
Canada	1.90%	0.70%	3.40%	6.80%	3.60%
Australia	1.60%	0.90%	2.80%	6.60%	5.80%
India	4.80%	6.20%	5.50%	6.70%	5.50%

Data Source: https://www.imf.org/external/datamapper/PCPIPCH@WEO/WEO_WORLD/VEN

Key principles of investing for NRI

- ✓ Asset Allocation – Appropriate balance across major asset classes of Real Estate, Equity, & Fixed Income as per risk profile and financial goals.
- ✓ Risk Mitigation – Currency risk, country risk, or asset class risk should be analyzed and effectively mitigated through adoption of appropriate investment strategy.
- ✓ Capital Protection – Invested capital should be preserved with planning through adequate allocation in fixed income investments and investment incomes invested into growth oriented investments.
- ✓ Goal oriented planning – Dynamic & agile planning should be followed depending on the financial goals with India at the relevant stages in life.

Disclaimer

अमृत काल

This Presentation contains personal views of the Speakers Mr. Daxesh Kothari & CA. Rajit Kothari as well as the panelists in the panel discussion on the respective subjects. The speakers, panelists & their representative companies, and the company Ashutosh Financial Services P. Ltd. does not purport give any professional investment advice. Financial Products are subject to related risks and one should read the offer documents carefully before acting on it.

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Virtual Events on Zoom & YouTube - English

:: MORNING :: Date : 09/12/2023, Saturday | Date : 09/12/2023, Saturday
Time : 10:30 AM IST onwards | Time : 08:30 PM IST onwards **:: EVENING ::**

Physical Events - Gujarati

:: JAMNAGAR ::

16/12/2023, Saturday
04:30 PM IST onwards

:: RAJKOT ::

Date : 17/12/2023, Sunday
Time : 10:30 AM IST onwards

:: ANAND ::

Date : 22/12/2023, Friday
Time : 04:30 PM IST onwards

:: VADODARA ::

Date : 23/12/2023, Saturday
Time : 04:30 PM IST onwards

:: AHMEDABAD ::

Date : 24/12/2023, Sunday
Time : 10:30 AM IST onwards



Thank You

Questions?



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Opportunities for NRI in Gift City

The Gift City & IFSC Basics



Gift City, Gujarat has been notified as India's 1st International Financial Service Center (IFSC)





Opportunities for NRI in Gift City

The Gift City & IFSC – Legal Position

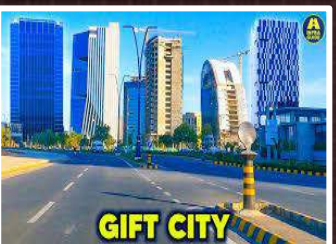


✓ Under Foreign Exchange Management Act, (International Financial Services Center), Regulations, 2015 :

1. a unit setup in the IFSC is a person resident outside of India.
2. shall conduct business in foreign currency.
3. is not subject to Indian FEMA regulations

✓ All other laws of India are applicable :

1. Indian Income Tax Act – all units are person resident in India.
2. Exemption available under specific provisions. Section 80LA
3. Companies Act, Indian Trust Act, Indian Contracts Act, LLP Act, etc. are all applicable.





Opportunities for NRI in Gift City

The Gift City & IFSC – Legal Position

Gift City Business Platform

IFSC Multi Service SEZ – Asset Management, Banking, Capital Markets, Insurance, Aircraft Leasing and Ancillary Services

Domestic Tariff Area

Only for Financial Services not for Manufacturing, Trading, etc. activities.



Opportunities for NRI in Gift City

The Gift City & IFSC – Regulator

International Financial Services Center Authority (IFSCA)

SEBI

SEBI Act, 1992
Securities Contracts
(Regulation) Act,
1956
Depositories Act,

RBI

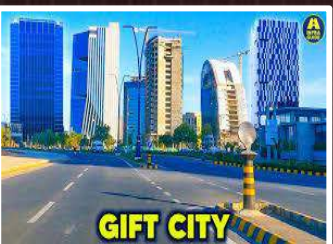
RBI Act, 1934
FEMA, 1999
Banking Regulation
Act, 1949++

PFRDA

PFRDA Act, 2013

IRDA

IRDA Act, 1999
General Insurance
Business
(Nationalisation)
Act, 1972
Insurance Act, 1938



Opportunities for NRI in Gift City Family Investment Fund (FIF) in Gift IFSC

- ✓ Formal structure for family offices to manage their investment fund.
- ✓ Funds of a single family as defined, including entities of the family.
- ✓ FIF should maintain a minimum corpus of US\$ 10 million (Approx Rs. 83 Cr.) within 3 years.
- ✓ Investments by FIF can be broad based assets – Listed / unlisted stock (India & Outside India), Real Estate, Bullion etc.





Opportunities for NRI in Gift City Family Investment Fund (FIF) in Gift IFSC



✓ Tax Concession

1. 100% Income Tax exemption for a period of 10 consecutive years out of 15 years Under Sec. 80LA.
2. No GST on services received by FIF from the Gift City.

✓ FIF can take leverage from banks in Gift City and invest.

✓ Investments by non individual family entities over and above LRS limits.





: PANEL DISCUSSION : Opportunities for NRI in Gift City



: Panelists :

- Mr. Amit Doshi
Deputy Vice President – West Zone
HDFC Asset Management Co. Ltd.
- Mr. Chintan Patel
Vice President - Treasury
Kotak Mahindra Bank Ltd.

Moderators :

- Mr. Daxesh Kothari
- CA. Rajit Kothari

