

✓
Power of Attorney (PoA) Holder Can Operate NRO Account?

Allowed for local payments

Cannot repatriate outside India without proper approval

Example: Vikas, an NRI in the USA, gave PoA to his brother in India to manage his NRO account. His brother can pay school fees but cannot transfer funds abroad.

Chapter 9 Part 2

International Credit Cards (ICCs) for NRIs

Banks can issue International Credit Cards (ICCs) to NRIs & PIOs

Can be used in India & abroad

Bills can be paid from:

Inward remittances

NRE account

FCNR (B) account

NRO account

Example: Ravi, an NRI in the UK, has an ICC issued by SBI. He uses it for shopping in London, and the bill is paid from his NRE account.

Income Tax Rules for NRIs

Tax Deduction on Indian Income

Banks deduct TDS on interest earned from NRO deposits

NRE & FCNR accounts are tax-free in India

For Remittances Abroad, NRIs Must Provide:

Form 15CA & 15CB (Certified by CA)

Other tax-related documents as per CBDT rules

Example: Amit, an NRI in the USA, earns ₹2 lakhs interest on his NRO FD. He must pay TDS before transferring funds abroad.

Quick Summary Table

Feature	NRO Account	NRE Account	FCNR (B) Account
Who Can Open?	NRIs & Foreign Nationals	NRIs & PIOs	NRIs & PIOs
Currency Allowed?	INR	INR	<u>Convertible</u> Foreign Currency
Types of Accounts?	<u>SB, CA, TDs, RDs</u>	<u>SB, CA, TDs</u>	<u>Only Fixed Deposits</u> <u>1 year, 5yr</u>
Minimum Deposit Period?	<u>7 Days</u>	<u>1 Year</u>	<u>1 Year</u>
Maximum Deposit Period?	<u>No Limit</u>	<u>No Limit</u>	<u>5 Years</u>
Interest Rate?	✓ As per domestic INR rates	✓ As per domestic INR rates	<u>Based on foreign</u> <u>currency benchmarks</u>

Tax on Interest?	Taxable	Tax-Free in India	Tax-Free in India
Repatriation?		Fully Repatriable <i>P+I → P+I</i>	Fully Repatriable
Loans Allowed?		Yes	Yes

Final Takeaways

NRO accounts help NRIs manage Indian income but are taxable

NRE & FCNR accounts offer tax-free, fully repatriable benefits

Loans available against NRO deposits but with restrictions

NRIs must follow tax compliance for remittances abroad

Would you like guidance on best NRI investments, tax planning, or remittance rules?

Foreign Nationals of Non-Indian Origin Visiting India

- NRO Account

Foreign nationals (non-Indians) can open NRO accounts during their stay in India. These accounts help them manage funds while traveling.

Who Can Open?

Foreign nationals of non-Indian origin

Must be visiting India for a short duration



JAIIB ALL PDFs & Videos ALL PAPERS. <https://iibf.info/app>

Source of Funds?

Funds Remitted from Abroad via Banking Channels

Foreign Exchange brought physically into India

~~No Local Funds Can Be Credited (Except Interest Earned)~~

Closing the Account

Balance in the account must be paid when the visitor leaves India

Example: *John, a British citizen, visits India for six months. He opens an NRO account and deposits USD 5,000, which he remitted from his UK account. When he leaves India, the balance is refunded to his foreign bank account.*

Rules for Foreign Nationals Leaving India

When foreigners working in India leave permanently, their bank accounts must be converted.

What Happens to Their Accounts?

Resident bank accounts get converted into NRO accounts

For collecting pending dues (salary, investments, etc.)



SAVE 8360944207 as JAIIB GURU. SEND SAVED AS to Get Updates



JAIIB ALL PDFs & Videos ALL PAPERS. <https://iibf.info/app>

What Happens to the Funds?

Foreign nationals **can repatriate funds abroad immediately** after

paying taxes

Max repatriation limit = USD 1 million per financial year

Only repatriation transactions allowed (No new local deposits)

Account Closure:

Once all pending dues are received & repatriated, the account must be closed

Example: *Emily, an Australian working in India, leaves permanently. Her Indian bank account is converted to an NRO account, where she receives her last salary payment. She then repatriates the amount to her Australian bank account.*

Special Rules for Accounts of Citizens from Certain Countries

(a) Citizens/ Entities from Pakistan

Prior approval from RBI is required to open a bank account

SAVE 8360944207 as JAIIB GURU. SEND SAVED AS to Get Updates



(b) Citizens of Bangladesh

Can open accounts in India

Must have a **valid visa**

Must have a **residential permit from FRO/ FRRO**

(c) Entities Owned by Bangladesh Nationals/ Companies

Prior RBI approval required before opening a bank account

(d) Citizens of Pakistan, Bangladesh from Minority Communities

Includes **Hindus, Sikhs, Buddhists, Jains, Parsis & Christians**

Can open **ONLY** one NRO account

Must have **Long-Term Visa (LTV)** issued by Govt. of India

Account Validity & Renewal Rules

Initially valid for 6 months

Can be renewed every 6 months if LTV application is under review

Must be reported to the **Ministry of Home Affairs (MHA)** quarterly

Example: *Mohammed, a Pakistani Christian, migrated to India and applied for citizenship. He was granted a Long-Term Visa (LTV) and opened an NRO account in India, which was renewed every six months until he received citizenship.*

SAVE 8360944207 as JAIB GURU. SEND SAVED AS to Get Updates

Quick Summary – Foreign National Accounts in India

Category	Allowed to Open Account?	Special Conditions
Foreign National (Non-Indian Origin) Visiting India	<u>NRO Account</u> (Current/Savings)	Only for max 6 months Temp.
Foreign Nationals Leaving India (After Employment)	<u>NRO Account</u> Conversion	Only for pending dues & repatriation
Pakistani Citizens/ Entities	<u>Not Allowed</u> RBI	RBI approval required
Bangladeshi Citizens/ Entities	<u>Allowed with</u> restrictions Visa	Valid visa & permit needed
Bangladesh/ Pakistan Minority Communities	<u>One NRO Account</u> Only	<u>Must have Long-Term Visa</u> (LTV) Review

MHA **6months**

Final Takeaways for Foreign Nationals

Foreign tourists can open NRO accounts for 6 months

Foreigners leaving India can only use NRO accounts for repatriation

Pakistani & Bangladeshi citizens face stricter banking rules in India

Bangladeshi/Pakistani minority communities can open limited NRO accounts

SNRR

SPECIAL NON-RESIDENT RUPEE ACCOUNT (SNRR)

SNRR accounts are designed for foreign businesses or individuals who have legitimate business interests in India. This account allows them to conduct business transactions in Indian Rupees under FEMA guidelines.

(a) Who Can Open an SNRR Account?

Any person residing outside India (including companies & businesses)

Foreign nationals & entities with business interests in India

Prior RBI approval needed for citizens/entities from Pakistan & Bangladesh

Example: A US-based company, XYZ Inc., exports software to India and opens an SNRR account to receive payments from Indian clients in rupees.

(b) Purpose - Why Open an SNRR Account?

An SNRR account is used **only for business-related transactions**. It is NOT a savings account!

Business Interests Include:

- Investing in India
- Importing/exporting goods & services

JAIB ALL PDFs & Videos ALL PAPERS. <https://iibf.info/app>

Trade credit transactions

Lending under External Commercial Borrowings (ECB)

Business activities in International Financial Services Centres (IFSC)

like GIFT City

Example: A foreign company, ABC Ltd., imports machinery from India and uses an SNRR account to pay the supplier in rupees.

(c) Tenure (How Long Can You Keep This Account?)

Linked to business contract duration

Imp

Renewal beyond 7 years needs RBI approval

Example: A German investor signs a 5-year infrastructure contract in India. His SNRR account is valid for the same period and must be closed after contract completion unless renewed with RBI approval.

no mix SNRR A/C is allowed

(d) Separate Accounts for Different Business Activities

Banks can offer:

Separate SNRR accounts for different transactions OR

A single account if transactions are clearly categorized

SAVE 8360944207 as JAIB GURU. SEND SAVED AS to Get Updates

Example: An American firm does both software exports and stock market investments in India. The bank may allow two separate SNRR accounts for clarity in transactions.

(e) Transaction Rules - What Can You Do?

Credits & debits should match business needs

Bank ensures FEMA compliance

Restrictions

Cannot provide foreign exchange to an Indian resident

No transfers from NRO accounts to SNRR accounts ✗

Example: A Dubai-based company receiving rupee payments from its Indian customers cannot use the SNRR account to convert rupees to USD and transfer it to an Indian individual.

(f) Key Features of SNRR Account

Feature	Rule
Interest	No interest paid on balances ✗
Repatriation	Funds can be repatriated abroad
Taxation	Transactions are subject to Indian tax laws ✓
If Holder Becomes Resident	<u>Converted to a resident account</u>
Nomination	Allowed for individual account holders

In Case of Death

Funds can be transferred to nominee's NRO/NRE account or sent abroad

Example: A UK-based trading firm opens an SNRR account for its Indian business. After 5 years, it closes operations and repatriates the remaining balance to the UK.

REMITTANCE OF ASSETS BY NRIs/PIOs

NRIs and PIOs can remit money abroad from their assets in India, subject to some conditions.

How Much Can Be Remitted?

From these assets:

NRO account balances

Sale proceeds of property in India

Inheritance or gifts from parents/relatives

Settlement assets received after a relative's death

*max limit / FY
1 Mn USD*

Example: Ramesh, an NRI living in Canada, sells his house in India and remits USD 800,000 to his Canadian bank account.

When is RBI Approval Needed?

✓ You need RBI approval if remittance exceeds USD 1 million per year

If an inherited property is being sent to a foreign citizen

If there is financial hardship and urgent remittance is required

Example: Priya, an NRI in the USA, inherits ₹10 crore worth of property from her father in India. Since she wants to remit more than USD 1 million, she applies to RBI for approval.

Income-Tax Clearance Required

Remittance is subject to tax clearance in India

Example: Rajiv, an NRI in Australia, wants to remit ₹80 lakh from his NRO account. He first obtains a Tax Clearance Certificate to ensure compliance.

Quick Summary – SNRR & NRI Remittance Rules

Feature	✓ SNRR Account	NRI Remittance
Who Can Open?	<u>Foreign businesses with Indian interests</u>	NRIs & PIOs

Purpose	Business transactions in Rupees	Sending money abroad from Indian assets
Tenure	Maximum 7 years (renewal needs RBI approval)	USD 1 million per FY (without RBI approval)
Can Earn Interest?	No	Yes (if from NRO account)
Can Transfer to NRO Account?	No <i>SNRR → NRO</i>	Yes
Taxation?	Yes, subject to Indian tax laws	Yes, requires tax clearance
Approval Needed?	For <u>Pakistan/Bangladesh</u> <u>nationals</u>	If amount exceeds USD 1 million <i>(NRO)</i>

NRE/FCNR → No limit for repatriation

Final Takeaways

SNRR Accounts are for foreign businesses with Indian financial interests

NRIs can repatriate up to USD 1 million per year without RBI approval

Income tax clearance is required before remittance

If remitting more than USD 1 million, RBI approval is needed

