

**ACQUISITION AND TRANSFER OF IMMOVABLE PROPERTY
OUTSIDE INDIA BY RESIDENT INDIAN OR INDIAN COMPANY**

Reserve Bank of India has vide Notification No. FEMA 7(R)/2015-RB dated January 21, 2016 of G.S.R. No. 95(E) has notified Foreign Exchange Management (Acquisition and Transfer of Immovable Property outside India) Regulations, 2015 and relaxed the restriction on acquisition or transfer of immovable property outside India by Resident Indian or Indian Companies .

As per FEMA (Acquisition and Transfer of Immovable Property outside India) Regulations, 2000, as amended from time to time , no person resident in India shall acquire or transfer any immovable property situated outside India without general or special permission of the Reserve Bank.

In consultation with the Government of India, the above regulations have been repealed and replaced by the FEMA (Acquisition and Transfer of Immovable Property outside India) Regulations, 2015.

In terms of these Regulations, acquisition or transfer of any immovable property outside India by a person resident in India would require prior approval of Reserve Bank except in the following cases:

A. For Individuals:

- a) Property held outside India by a foreign citizen resident in India
- b) Property acquired by a person on or before 8th July, 1947 and held with the permission of Reserve Bank
- c) Property acquired by way of gift or inheritance from:
 - i. persons referred to in (b) above;
 - ii. persons referred to in section 6(4) of the FEMA i.e a person resident in India may hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India if such currency, security or property was acquired, held or owned by such person when he was resident outside India or inherited from a person who was resident outside India
- d) Property purchased out of funds held in Resident Foreign Currency (RFC) account held in accordance with the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015

e) Property acquired jointly with a relative who is a person resident outside India provided there is no outflow of funds from India

f) Property acquired by way of inheritance or gift from a person resident in India who acquired such property in accordance with the foreign exchange provisions in force at the time of such acquisition .

B. For Indian Company

Any Indian company having overseas offices may acquire immovable property outside India for its business and residential purposes provided total remittances do not exceed the following limits prescribed for initial and recurring expenses, respectively:

a) **15% of the average annual sales/ income or turnover of the Indian entity during the last two financial years or up to 25 % of the net worth, whichever is higher;**

b) **10% of the average annual sales/ income or turnover during the last two financial years.**

Explanation:

For the purposes of these regulations, 'relative' in relation to an individual means husband, wife, brother or sister or any lineal ascendant or descendant of that individual.
