



M/s PRANJAL JOSHI & CO  
CHARTERED ACCOUNTANTS

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## Liberalised Remittance Scheme – Making remittance out of India

- Scheme applicable for – All Resident Individuals, including minors,
- Remittance Limit – Remit up to USD 2,50,000 per financial year (April – March)
- Permissible and Prohibited purposes are as follows -

<b>Prohibited items under the Scheme</b>	<b>Purposes for which a resident individual can avail of foreign exchange facility</b>
Remittance for any purpose specifically prohibited under Schedule-I (e.g. purchase of lottery tickets / sweep stakes, proscribed magazines, etc.) or any item restricted under Schedule II of Foreign Exchange Management (Current Account Transactions) Rules, 2000.	LRS limit of USD 2,50,000 per financial year can be used for –  Private visits to any country (except Nepal and Bhutan)  Gift or donation
Remittance from India for margins or margin calls to overseas exchanges / overseas counterparty.	Going abroad for employment  Emigration
Remittances for purchase of FCCBs issued by Indian companies in the overseas secondary market.	Maintenance of close relatives abroad
Remittance for trading in foreign exchange abroad.	Travel for business, or attending a conference or specialised training or for meeting expenses for meeting medical expenses, or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment/ check-up
Capital account remittances, directly or indirectly, to countries identified by the Financial Action Task Force (FATF) as “non-cooperative countries and territories”, from time to time.	Expenses in connection with medical treatment abroad
Remittances directly or indirectly to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by the Reserve Bank to the banks.	Studies abroad  Any other current account transaction which is not covered under the definition of current account in FEMA 1999.



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- **Requirements to be complied with by the remitter –**

The remittances can be made in any freely convertible foreign currency.

The individual will have to designate a branch of an AD through which all the capital account remittances under the Scheme will be made. The applicants should have maintained the bank account with the bank for a minimum period of one year prior to the remittance.

For remittances pertaining to permissible current account transactions, if the applicant seeking to make the remittance is a new customer of the bank, Authorised Dealers should carry out due diligence on the opening, operation and maintenance of the account. Further, the AD should obtain bank statement for the previous year from the applicant to satisfy themselves regarding the source of funds. If such a bank statement is not available, copies of the latest Income Tax Assessment Order or Return filed by the applicant may be obtained. He has to furnish Form A-2 regarding the purpose of the remittance and declare that the funds belong to him and will not be used for purposes prohibited or regulated under the Scheme.

- **Important Points to be noted –**

AD will be guided by the nature of transaction as declared by the remitter in Form A2 and will thereafter certify that the remittance is in conformity with the instructions issued by the Reserve Bank in this regard from time to time. However, the ultimate responsibility is of the remitter to ensure compliance to the extant FEMA rules/regulations.

It is mandatory for the resident individual to provide his/her Permanent Account Number (PAN) for all transactions under LRS made through Authorized Persons.

There are no restrictions on the frequency of remittances under LRS. However, the total amount of foreign exchange purchased from or remitted through, all sources in India during a financial year should be within the cumulative limit of USD 2,50,000.

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