

## **FEMA**

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### **Extension of time limits for Settlement of import payment**

#### **A.P. (DIR Series) Circular No.33 dated 22nd May, 2020**

In view of the disruptions due to outbreak of COVID- 19 pandemic, RBI has extended the time period for completion of remittances against such normal imports (except in cases where amounts are withheld towards guarantee of performance etc.) from six months to twelve months from the date of shipment for such imports made on or before July 31, 2020.

### **Amendments to Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations**

#### **Notification No. FEMA 395(1)/2020-RB dated 15th June 2020**

RBI has made following amendments to FEM (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 by issue of the FEM (Mode of Payment and Reporting of Non - Debt Instruments) (Amendment) Regulations, 2020:

I. The existing provision at Sr. No. II (Investments by Foreign Portfolio Investors) of Regulation 3.1 is substituted by the following:

“A. Mode of Payment:

- (1) The amount of consideration shall be paid as inward remittance from abroad through banking channels or out of funds held in a foreign currency account and / or a Special Non-Resident Rupee (SNRR) account maintained in accordance with FEM Deposit Regulations, 2016.
- (2) Unless otherwise specified in these regulations or relevant schedules, the foreign currency account and SNRR account shall be used only and exclusively for transactions under this schedule.

B. Remittance of sale proceeds:

The sale proceeds (net of taxes) of equity instruments and units of REITs, InViTs and domestic mutual funds may be remitted outside India or credited to foreign currency account or SNRR account of the FPI.”

II. The existing provision at para A (2) of Sr. No. VII (Investment by a Foreign Venture Capital Investor) of Regulation 3.1 is substituted by the following:

“Unless otherwise specified in these regulations or the relevant Schedules, the foreign currency account and SNRR account shall be used only and exclusively for transactions under this Schedule.”

III. The existing provision at Sr. No. VIII (Investment by a person resident outside India in an Investment Vehicle) is substituted by the following:

“A. Mode of Payment:

The amount of consideration shall be paid as inward remittance from abroad through banking channels or by way of swap of shares of a Special Purpose vehicle or out of funds held in NRE or FCNR(B) account maintained in accordance with Deposit Regulations. Further for an FPI or FVCI, amount of consideration may be paid out of their SNRR account for trading in units of Investment Vehicle listed or to be listed (primary issuance) on the stock exchanges in India.

B. Remittances of sale/maturity proceeds:

The sale/maturity proceeds (net of taxes) of the units may be remitted outside India or may be credited to NRE or FCNR(B) or SNRR account, as applicable of the person concerned.”