



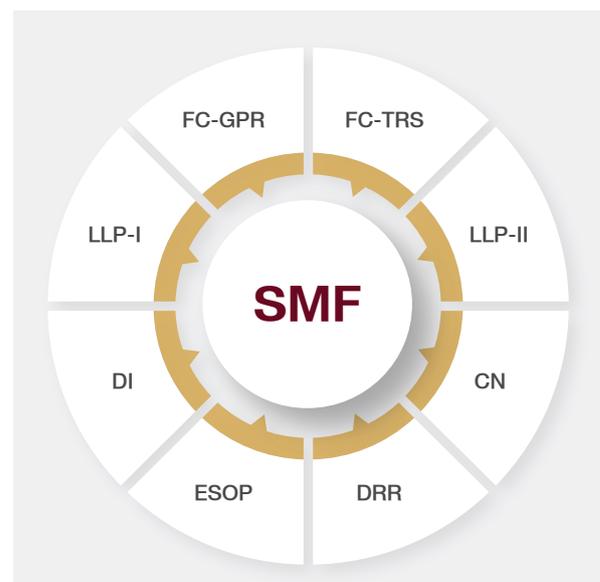
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NEW REPORTING FOR INDIAN ENTITIES WITH EXISTING FOREIGN INVESTMENTS

The Reserve Bank of India (RBI) with the focus on integrating the foreign direct investment reporting system recently introduced new directions under the provisions of the Foreign Exchange Management Act, 1999 on June 07, 2018. It laid down the roadmap for implementation of the reporting of foreign investments through the Single Master Form (SMF), an online reporting facility which subsumes all reporting requirements.

The present system of reporting total foreign investment in India made by a person residing outside India involves filing of 12 different forms via various reporting platforms. This renders it as a disintegrated reporting structure.

Joining hands in the Government's endeavor to ease doing business in India, RBI has proposed to introduce SMF which will subsume eight (8) of the twelve (12) reporting requirements as presented below:



Prior to implementation of SMF, RBI will provide an online interface to existing Company and LLP (Indian entities) for filing information on total foreign investment for a period of 15 days from June 28, 2018 to July 12, 2018 in a prescribed Entity Master Form.

In order to comply with the timeframe, RBI has advised Indian entities that have received foreign investments (including indirect foreign investment through downstream investment), to be ready with the details to be provided in the Entity Master Form and SMF as per the formats prescribed.

KNAV COMMENTS

Integration of reporting of various types of foreign investment in India into a single form is a welcome step since it would simplify compliance for Indian entities.

The integration of the existing reporting structure to streamline and rationalize reporting for foreign investment in India is a positive move made by RBI. It is also aimed at ensuring that there is consistency and accuracy of data on foreign investments reported.

There may be certain practical difficulties prior to implementation of the new form for the Indian entities to collate details on foreign investment, especially as the window for uploading such data on the RBI interface is open for only 15 days.

It is advisable for Indian entities to comply with this pre-requisite on priority failing which such entities would be regarded as non-compliant and wouldn't be able to receive further foreign investment (including indirect foreign investment).

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