



N.A.SHAH ASSOCIATES LLP  
Chartered Accountants

# BULLETIN

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FOREIGN EXCHANGE LAWS BULLETIN – OCTOBER 2022



## **EXECUTIVE SUMMARY**

- ◆ Reserve Bank of India (RBI) has revised the quantum of Late Submission Fees (LSF) imposed on reporting delays in case of Foreign Investment (FI), External Commercial Borrowings (ECBs) and Overseas Investment (OI) related transactions.

## REVISION IN LATE SUBMISSION FEES (LSF)


- ♦ In order to have uniformity in imposition of LSF for reporting delays across Financial Investment (FI), External Commercial Borrowings (ECBs) and Overseas Investment (OI) related transactions, RBI has prescribed following matrix for calculation of LSF:


Sr. No	Type of Reporting Delays	LSF (Amount in INR)
1	Form ODI Part-II/APR, FCGPR (B), FLA Returns, Form OPI, evidence of investment or any other return which does not capture flows or any other periodical reporting	7,500
2	FC-GPR, FCTRS, Form ESOP, Form LLP(I), Form LLP(II), Form CN, Form DI, Form InVi, Form ODI-Part I, Form ODI-Part III, Form FC, Form ECB, Form ECB-2, Revised Form ECB or any other return which captures flows or returns which capture reporting of non-fund transactions or any other transactional reporting	$[7,500 + (0.025\% \times A^* \times n^*)]$

*\*"n" is the number of years of delay in submission rounded-upwards to the nearest month and expressed up to 2 decimal points.*

*"A" is the amount involved in the delayed reporting*

- ♦ The revised circular brings about major change in calculation of LSF. Earlier, ECB late reporting was fixed quantum depending on period of delay but now is linked to ECB amount/ period of delay. Similarly, % of fine involved in case of Foreign Investment reporting was dependent on quantum of amount involved coupled with period of delay (the % doubled if the delay was beyond 12 months).
- ♦ Other important points to be considered are:
  - Maximum LSF will be limited to 100 per cent of 'A' and will be rounded upwards to the nearest hundred.
  - LSF amount is per return. However, for any number of Form ECB-2 returns, delayed submission for each LRN will be treated as one instance for the fixed component. Further, amount involved ('A') for any ECB-2 return will be the gross inflow or outflow (including interest and other charges), whichever is more.

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- Where an advice has been issued by RBI for payment of LSF and such LSF is not paid within 30 days, such advice shall be considered as null and void and any LSF received beyond this period shall not be accepted. If the applicant approaches subsequently for payment of LSF, the date of receipt of such application shall be treated as the reference date for the purpose of calculation of 'n'.
  - The facility for opting for LSF shall be available up to three years from the due date of reporting/ submission. The option of LSF shall also be available for delayed reporting/submissions under the erstwhile Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 and earlier corresponding regulations, up to August 22, 2025.



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