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**(CBDT Notification dated 16 December 2015)**

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Currently, a person making foreign remittance has to obtain a certificate from a Chartered Accountant in Form 15CB and electronically furnish an undertaking in a Form 15CA. There are 28 items of exceptions wherein the furnishing of Form 15CB and Form 15CA is not required (mentioned in Rule 37BB of the Income-tax Rules, 1962 ('the Rules')). In case of small value remittances (up to Rs. 2.5 lacs) only part A of the Form 15CA is required to be furnished.

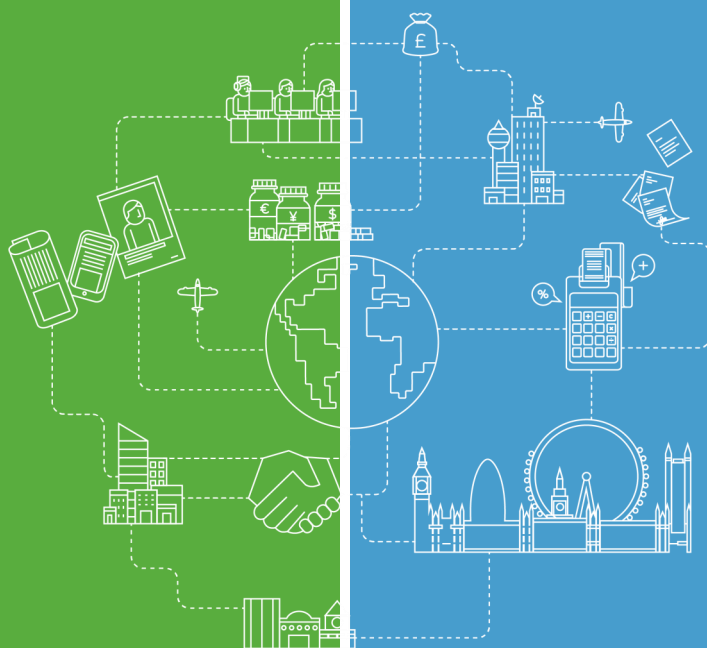
Recently, the Rule 37BB along with Form 15CA and Form 15CB has been revised and further new Form 15CC (to be filled up by the authorized dealer) has been introduced\*. The new rule has provided much needed clarity in case of payment for imports by excluding it from the requirement of obtaining Form 15CB and filing of Form 15CA. Further, for the first time, the new rule provides that Form 15CB needs to be verified electronically. Also, the rule provides that income not chargeable to tax in certain cases needs to be separately disclosed under part D of Form 15CA.

The new rule along with new Form 15CA, Form 15CB and Form 15CC shall be applicable with effect from 1 April 2016.

The comparison between the existing rule and the new rule is tabulated as under.

Sr. No.	Existing Rule 37BB	New Rule 37BB
1.	Remittance up to Rs. 2.5 lacs during the Financial Year ('FY') –No Form 15CB required. Only Part A of Form 15CA to be filled.	This threshold limit of Rs. 2.5 lacs has been increased to Rs. 5 lacs.
2.	28 items were covered under the specified list of payments not requiring any Form 15CA and Form 15CB.	5 additional specified items of payment now being added in the exception list (Total 33 items): <ul style="list-style-type: none"> <li>• <b>Advance payments against imports</b></li> <li>• <b>Payment towards imports-settlement of invoice</b></li> <li>• Imports by diplomatic missions</li> <li>• Intermediary trade and</li> <li>• Imports below Rs.5 lacs-(For use by ECD offices)</li> </ul>
3.	No specific exemption from reporting the remittances made under Liberalized Remittance Scheme ('LRS')	Exemption from reporting with respect to LRS
4.	No specific disclosure for remittances not chargeable to tax.	If remittance is not chargeable to tax (other than 33 items and payment under LRS), Part D of Form 15CA has to be filled up.
5.	Form 15CA to be verified by a person authorized to sign the return of income (in case of a company, the managing director/director as the case may be).	Form 15CA to be verified by the person responsible for paying to non-resident, which may be principal officer including secretary and manager in case of a Company.
6.	No requirement to furnish and verify Form 15CB electronically.	Additional requirement to furnish and verify Form 15CB electronically.

Sr. No.	Existing Rule 37BB	New Rule 37BB
7.	No compliance requirement for authorized dealer.	<ul style="list-style-type: none"> <li>Authorized dealer required to file a quarterly statement in Form 15CC electronically under digital signature within 15 days from the end of the quarter of the FY.</li> <li>Authorized dealer may be required to provide the signed print out of Form 15CA (filed electronically without digital signature) to the Tax Authorities.</li> </ul>
8.	No such information required.	<b>Additional information</b> <ul style="list-style-type: none"> <li>Residential status of remitter required to be disclosed</li> <li>Purpose code as per RBI required to be disclosed in Form 15CA</li> <li>Specific disclosure in Form 15CB if the remittance is not chargeable to tax in India and reason for non-chargeability, if applicable.</li> <li>Specific disclosure in Form 15CB giving reasons and relevant article if the remittance is not chargeable to tax under the DTAA</li> </ul>



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This newsflash is general in nature. In this newsflash, we have summarised the CBDT notification dated 16<sup>th</sup> December 2015 . It may be noted that nothing contained in this newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain applicability or otherwise of the respective circulars and notifications and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this newsflash.

18 December 2015

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