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Annual return on FLA



CA Vivek chaudhary

on 11 August 2015

Introduction:

FLA stands for foreign liabilities and assets. The filing of annual return on foreign liabilities and assets has been notified under Foreign Exchange and Management Act, 1999. It is mandatory for all Indian resident companies to file annual return, receiving foreign direct investment or made foreign investment in any previous year, by 15th July of relevant year. Non-filing of return before due date will be deemed as violation of FEMA, 1999, and shall attract penal provisions under FEMA rules.

How to File FLA:

As per the provisions of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India), Regulation, 2000, Indian companies are required to report the detail of FDI in Form **FC-GPR** to the regional office of RBI with in whose jurisdiction the registered office of the company operates, within 30 days of issue of shares.



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The detail of FDI is to be reported through **FC-GPR**, which contains Part A (relating to shares issued by Indian companies through FDI) and Part B (relating to investment in Indian companies by direct/portfolio or any other mode).

Entities Eligible for Filing:

1. Companies: Every company who is receiving FDI and made FDI shall file annual return on foreign asset and liabilities by **15th July** of every year.

2. Partnership Firm and Others: If a partnership firm, trustee, Branch have any foreign investment during year ended 31st March then they also need to FLA return. All these type of entity required to send a request mail to RBI to get a dummy CIN. But this CIN is valid for filing annual return on foreign assets and liabilities and not for any other purpose.

Cases Where No Need to File Annual Return:

1. Provided that if any entity does not have any outstanding investment in respect of inward or outward FDI as on year ending **31st, March** then such entity not need to file annual return on foreign assets and liabilities.

2. If a company issue shares to non-resident persons and all non-resident shareholders transfer their shares to resident members before year end march then such company need not to file annual return of foreign liabilities and assets.

Case Of Deemed Filing of Annual Return:

If during the previous year entity file annual return on foreign assets and liabilities and during the current year the entity has not receive any fresh FDI then also entity has to file annual return on FLA.

Consequences of non-Filing of Return:

1. Non-filing of return before due date amount to violation of Foreign Exchange Management Act, 1999 and as per Foreign Exchange Management Act, 1999 penalty may invoke.

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2. As per Undisclosed **Foreign Income And Asset (Imposition Of Tax) Bill, 2015** which is introduced in Lok Sabha **4th April, 2015**, if a person does not disclose any foreign asset then such asset will be treated as undisclosed asset and such undisclosed asset will be taxed at a flat rate of **30%**.

In case of undisclosed asset the person is liable for a fine up to **3 times** the amount of undisclosed assets.

Information to Be Filed In FLA:

As, such audited information is filed but in case audit is not completed before due date then unaudited information is filed. In such case the annual return on FLA will be revised in the month of September of relevant previous year.

Valuation Method for unlisted foreign companies:

Market value of equity capital held by you at **OFBV(Own Fund at Book Value)**

= (Net worth of the DIE) * (% of equity held by you)

Where, Net worth of the DIE = (Paid up Equity & Participating Preference share capital of company +Reserves & Surplus - Accumulated losses).

e.g. Suppose company paid up capital: 250 Lakhs with 50% FDI.

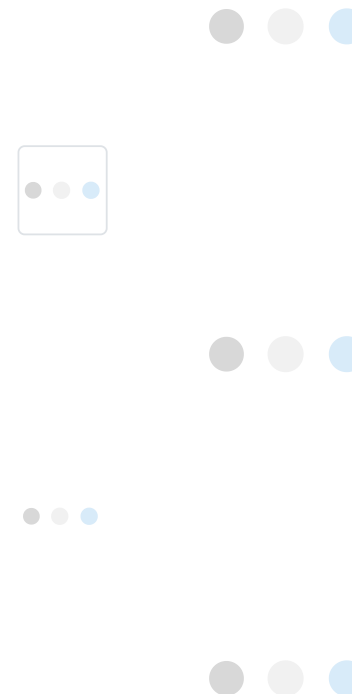
Accumulated reinvested earnings=75 lakhs.

Revaluation of assets and liabilities=159 lakhs.

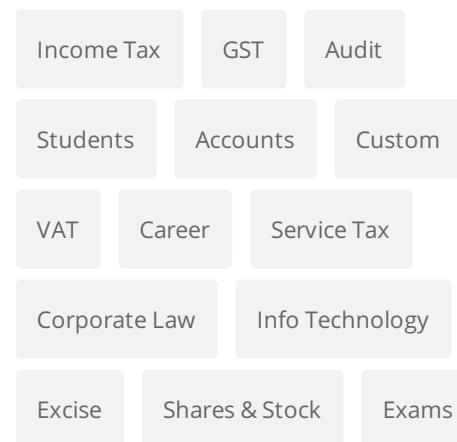
Total=484lakhs.

Therefore equity investment by foreign direct investor based on OFBV method =484lakhs*.50=242lakhs.

Format of FLA:



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The annual return on FLA is modified and available on RBI website (www.rbi.org.in→Forms category →FEMA Forms) which can be duly filled-in, validated and sent by e-mail, by July 15 every year. Any queries related to filling of annual return should be e-mailed.

Or [click here](#).

All about Annual Filing of FLA:

1. Filled-in the Excel based FLA return should be sent by 15 July. Any other attachment should not be forwarded along with the FLA return.
2. Any query regarding filling of FLA return should be sent to email. You may also contact RBI person handling FLA return.
3. You are required to submit only the filled-in Excel based format of FLA by before due date. Financial statements or any information in separate annex should not be forwarded along with the FLA return.

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JALAPATI.RAJESH

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Can some one explain me what is the meaning of Outstanding investment (Which is mentioned in the exceptions from filing FLA return

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CA.SKR

[3 years ago](#)

Dear Vivek Ji, Your Articles is really good and informative. My query is relating to one of my client (Indian Pvt. Ltd. Co.), who received FDI last year (i.e year of incorporation) from another overseas company holding 95% equity of paid up capital of Rs.5.00 lakhs. Indian subsidiary company is exporting services to foreign holding company and getting payment in FC. Outstanding receivable amount in FC as on 31.03.2017 due from holding company is to be shown in FLA or not? If yes, where in FLA Secondly, Share Application Money payable back in FC as on 31.03.2017 is to be shown in FLA. If yes, where in FLA. Please clarify. Thanks in advance.

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KAUSHAL

[4 years ago](#)

very helpful content.....

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CA VIVEK CHAUDHARY

[5 years ago](#)

Yes Mehulmukati ji he still need to file FLA

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MEHULMUKATI

[5 years ago](#)

Vivek: a new client had transfered shares to a foreign company. Thus, the Indian company did not get any funds. FC-TRS and all other required compliances are in order. Do they still need to file these FLA Form?

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SATHISH M

[5 years ago](#)

● ● ● Sir, a very nice article indeed but it could have been handy if the writeup was submitted before 15th July, so that some of them could have made an effort in appraising their clients on time. Thank you sir.

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● ● ● RAJENDRA PRASAD 5 years ago

Very useful article

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● ● ● CA VIVEK CHAUDHARY 5 years ago

Yes definitely , my next article will be on Related Party Transactions as section 188 of the Companies Act, 2013.

↩ Reply 👍 Like

● ● ● CA ARINDAM SHUKLA 5 years ago

thanks again vivek, i had some doubts regarding related party transactions can u write an article on it?

↩ Reply 👍 Like

● ● ● CA VIVEK CHAUDHARY 5 years ago

Thanx Arindam for your suggestion , next time i will be back with better formatting.....

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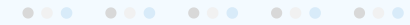
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