

FEMA AND RBI  
provisions for  
OFFSHORE TRUSTS  
/ BENEFICIARIES

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# Types of Trust

- ▶ Onshore / Offshore TRUSTS
- ▶ Private / Charitable / Foundation
- ▶ Discretionary / Definite

# Jurisdiction of Offshore Trust

- ▶ Purpose / Objective...Estate Duty
- ▶ Location of Assets...Home / Off Shore
- ▶ Tangible / Intangible
- ▶ Duration
- ▶ Type (Grantor)

# Ingredients of Trust

- ▶ Purpose
- ▶ Settlor
- ▶ Beneficiaries
- ▶ Ultimate Contingent Beneficiary
- ▶ Types of Distribution

# Ingredients of Trust

- ▶ Trustee
- ▶ Protector
- ▶ Winding up Procedure

# FEMA PROVISIONS

- ▶ NRI in Indian Trust / Indians in Off Shore Trust
- ▶ Resident Indian settling Trust abroad
- ▶ Distribution of Benefit inbound / outbound during existence of Trust or during winding up
- ▶ NRI holding assets in India

## FEMA PROVISIONS.....

- ▶ Settling of Shares of Indian Company in Trust
- ▶ Settling of Immoveable property situated in India
- ▶ Settling of any source of revenue in a Trust
- ▶ OT as a vehicle to invest into India
- ▶ OT as a holding structure

# FEMA PROVISIONS.....

Capital Account Transaction

Current Account Transaction

Liberalised Remittance Scheme

One Million Dollar Scheme for NRI



# FEMA PROVISIONS.....

- ▶ Prior Permission of RBI
- ▶ Prior Permission of FIPB
- ▶ Citizens of neighbour Countries

# Practical Cases

- ▶ An NRI settled in UK retired and wants to come back to India for rest of his life
- ▶ He has Assets abroad and in India
- ▶ (Identical situation with NRI being Citizen of USA)

# Practical Cases (contd...)

- ▶ An US Citizen inherited huge assets in India
- ▶ Immoveable Properties / Shares of Indian Company / Fixed Deposits
- ▶ FEMA Provision

# Practical Cases (contd...)

An Indian Citizen settling outside India with his Children.  
Has huge assets in India

A Foreign Widow of an Indian Citizen inherited assets in  
India wants to go back to her home country

# Practical Cases (contd...)

- ▶ An Indian having assets in India have settled abroad for business reason.
- ▶ He has assets in India as well as all over the world
- ▶ Planning required for effective management of assets and avoid estate duty

▶ THANK YOU

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