



Foreign Liabilities and Assets (FLA) return filing by Indian Corporates

1. Introduction on filing of the FLA return

(i) **RBI** is compiling the information's as to be collected through filing of the FLA return for the purpose of knowing India's Balance of Payments (**BOP**) position and International Investment Position (**IIP**) in India and Outside India **both** as on **March 31st** every year.

Filing of the FLA return up to 31st March, 2018 through Email

- All Indian companies, LLPs and Alternative Investment Funds (**AIFs**) hereafter to be called as Indian corporate entities (**corporates**) were required to submit the FLA return in **excel format** upto **15th July** of succeeding year for their Foreign Direct Investments (**FDIs**) and Overseas Direct Investments (**ODIs**) through mail ID as **fla@rbi.org.in** based on **unaudited information's** which can be **revised** further based on the **audited information's** up to **30th September** where **substantial** changes are existed between **unaudited** and **audited** financial statement.

Filing of the FLA return from 31st March, 2019 through web portal

- (a) **Now** RBI is providing a web-portal **www.flair.rbi.org.in** for filing of the FLA return by the **corporates**
- (b) Corporates are required to have their **registrations** by filing of User Registration Form (**URF**). This form is containing entity's
- (ba) **Identification particulars**
 - (bb) **Business user details**
 - (bc) **Authority letter etc.**
- (c) **Now** LLPs and AIFs are **not required** to use **dummy Corporate Identification Number (CIN)** for filing of the FLA return after registration at web-portal of the RBI.
- (d) **Now** web-portal is permitting to **generate login-name** and password for filing of the FLA return after filing of URF and thereafter completion of registration process on this web-portal.

- (e) **Now** corporates are required to furnish the details of **investor wise** of the ODIs, FDIs and Foreign Portfolio Investments (**FPIs**) in India and outside India.
- (f) **Now** corporates are permitted to receive **system generated acknowledgement** after successful submission the FLA return.
- (g) **Now revision** of data in filing of the FLA return is permitted after submission of the **original** FLA return.
- (h) **Now** view and **download of the information's** are permitted after submission of FLA return
- (i) **Now** corporate entities are permitted to submit or **revise** the information's of the earlier years also **after** receiving of confirmation from the RBI through sending of request email.
- (j) (a) The RBI has **not clarified** till now that filing of the FLA return for the year ending on **31st March, 2019** which was already submitted through email mode whether is to be resubmitted or **not to be resubmitted** through web-portal mode
- (b) It's our **suggestion** that filing of the FLA return for the year ending on **31st March, 2019 may be resubmitted** through web-portal mode beside already submitted through email mode to avoid any confrontation with the RBI

2. Clarifications on Filing of the FLA return

(i) Penalty for Non Filing of the FLA return

- **Non filing** or late filing of the FLA return will be treated as violation of FEMA and accordingly maximum penalty @300% may be levied against the amount of FDIs and ODIs. However maximum penalty @300% is **not generally** is being levied. The RBI has prescribed certain criteria's for levy of penalty under the head compounding of penalty concept which are now **much lower than 300%**.

(ii) Filing of the FLA return based on Unaudited financial statements

- Corporate entities are permitted to submit the FLA return up to July 15th based on **unaudited** accounts as on **March 31st** thereafter **revise** return can be submitted up to **September 30th** based on **audited** accounts where **substantial** changes are existed between **unaudited** and audited financial statement.

(iii) Filing of the FLA return based on year ending as on **March 31st**

- Corporate entities are required to submit the FLA return **based on the financial year** i.e April to March beside that **actual** accounting period is **other than April to March**.

(iv) Filing of the FLA return Not Required

- Corporate entities are **not required** to submit the FLA return where **only share application money** is received but the **allotment** of shares is **not made** up to **March 31st**. However filing of the FLA return is required where share application money is received from the **existing non-resident investors**.

(v) Filing of FLA return where No FDIs and No ODIs Outstanding as on March 31st

- Corporate entities are **not required** to submit the FLA return where **no FDIs and no ODIs** are outstanding as on **31st March** beside that **foreign** trade receivables and trade payables are outstanding from **unrelated foreign entities** as on **31st March**.

(vi) Filing of FLA return where No Additional or Fresh FDIs and ODIs

- Corporate entities are also required to submit the FLA return where **no additional or fresh** FDIs and ODIs are received during the year under consideration.

(vii) Filing of the FLA return by LLPs and AIFs

- LLP and AIFs are also permitted for FDIs and ODIs in certain selected areas only. Henceforth LLPs and AIFs are also required to submit the FLA return for the FDIs and ODIs.

(viii) Filing of the Annual Performance Report (APR) and FLA (both)

- Corporates are **also required** to file the FLA return for the ODIs where the **APR has already been filed for the ODIs**.

(ix) Non-filing of the FLA return where 100% shares Transferred to a Resident

- (a) Corporate entities are **not required** to submit the FLA return where **100% non-resident** shareholding is **already** transferred to a resident of India **before 31st March**.
- (b) Corporate entities are required to **inform the RBI about 100%** shareholding is **transferred** to a **Resident of India** through AD-Category I bank (**bank**)

(x) Filing of the FLA return where FDIs received on Non-Repatriable basis

- Corporate entities are **not required** to submit the FLA returns where FDIs are received from non-resident investors on **non-repatriable basis**.

(xi) Form for Filing of the FLA return

- Corporate entities are required to submit the FLA return based on the **latest updated return** form as available on the RBI web-portal **as on date** of submission of the FLA return.

(xii) Information's for Clarification's on Filing of the FLA return

- Corporate entities are permitted to get any clarification for submission of the FLA returns on landline no. of RBI :- **(022)** 26578662 / 26578217 / 26578348 / 26578214 / 26578340 / 26578241 and through mail ID as surveyfla@rbi.org.in

(xiii) Filing of Hard Copy of the FLA Return

- Corporate entities are **not required** to submit the **hard copy** of the FLA return

(xiv) Re-filing of the FLA return

- Corporate entities are required to **re-submit** the returns where **errors** are noticed by the RBI.

(xv) Valuation of the FDIs for Filing of the FLA return

- Corporate entities are required to compute a **valuation** of the FDIs

(a) For the Listed Companies

- Closing share price at BSE/NSE as on **31st March** is to be adopted for a valuation of the FDIs.

(b) For the Unlisted Companies

(ba) Foreign liabilities are to be valued based on the Own Fund of Book Value (**OFBV**) method similar to **net owned fund** method.

(bb) Closing net worth of the company as **multiply with percent of the FDIs** is required to be adopted for valuation of the FDIs based on the OFBV method.

(c) For the Traded Debt Securities (TDSs)

(ca) TDSs are to be valued at **market realizable price** and **other types of debts** like loans, trade credits, deposits and other accounts payables and receivables are to be valued at the **book value**.

(cb) Corporate entities are required to report in **foreign exchange rate** as available for **31st March** for current and previous years **both**.

(cc) **Net worth** is equivalent to Paid up Equity and Participating Preference share capital of the company + **free reserves, share premium** and any other Surplus – Accumulated losses

(xvi) Filing of the FLA return against Trade Credits and Trade Payables

- (a) Corporate entities are **also** required to **include the debts** under head **other capital** like trade credits, **ECBs**, other structure loans, debentures as **convertible** and **non-convertible** and also **non-participating** preference share capital along with **other receivables and payables** where FDIs and ODIs are also **outstanding** as on **31st March**.
- (b) Equity and participating preference shares are **not twice** to be included under head **other capital** and under head equity share.
- (c) Corporate entities are **not required** to submit the FLA return where FDIs and ODIs are **not outstanding** as on **31st March** **beside** the trade credits and trade payables are outstanding as on **31st March**

(xvii) Inclusion of share Premium in the FDIs and ODIs

- Corporate entities are also required to include the amount of **Share premium** under the head **free Reserves and surplus** for computation of OFBV

(xviii) Bifurcation of the FDIs under head less or more than 10%

- Corporate entities are also required to **bifurcate** in the FLA return for FDIs between **10% or more and less than 10%**.

(xix) Filing of FLA return by individual residents and by non-corporates of India

- (a) **Individual** residents of India are **not required** to file FLA returns **besides** they have ODIs under the Liberalized Remittance Scheme or **(LRS)** or having ODIs otherwise like **acquired through gift or inheritance etc.**
- (b) Hence individual residents and **non-Corporates** of India are **not required** to file FLA returns **besides** they have ODIs

(xx) **Special Instructions for Filing of the FLA return**

- (a) Corporate entities are required to **study the definitions** before filing of the FLA return. These definitions are available in **Excel format** of the FLA return form and also available in **Annex-1** as is attached with the FLA return Form
- (b) Corporate entities are required to report in **lakhs** only in Block **1, 2, 4 & 5** and to report in **actual** Foreign Currencies in Block **3A** of section **IV – Foreign Assets**.

3. Structure of the FLA return

• **The FLA return is structured in 5 Sections**

- **Section I – Identification Particulars** of the Indian corporate entity
- **Section II – Financial details** of the Indian corporate entity
- **Section III – Foreign Liabilities** of the Indian corporate entity
- **Section IV – Foreign Assets** of the Indian corporate entity
- **Section V – Variation report**

(i) **Section I- Identification Particulars of the Indian corporate entity**

- (a) **Name and address**
- (b) **PAN**
- (c) **CIN**
- (d) **Contact details**
- (e) **Accounting closing date**
- (f) **Nature of business etc.**

(ii) **Section II – Financial details of the Indian corporate entity at face value in lakh**

- (a) **Total paid up capital**
- (b) **Non-resident holdings**
- (c) **Profit and loss account**
- (d) **Reserves and Surplus**
- (e) **Sales and Purchase**
- (f) **Number of employees on payroll**

(iii) **Section III – Foreign liabilities of the Indian corporate entity at computed price**

- (a) **Investments** in India under the head FDIs where equity participation is minimum **10%**
- (b) **Other capital** like liabilities to direct investor and claims on direct investor
- (c) **Disinvestment** in India during the year
- (d) **Investments** in India under the head FDIs where equity participation is maximum **9.999%**
- (e) **Investments** in India under head FPIs in corporate entity other than FDIs at computed price
- (f) **Other Investments** like outstanding liabilities with foreign unrelated parties

(iv) **Section IV – Foreign Assets of the corporate entity at computed price**

- (a) ODIs where **equity participation** is minimum **10%**
- (b) **Equity capital**, reserves and surplus of foreign entity which is known as **Direct Investment Enterprises (DIE)**
- (c) **Direct investments** Outside India **generally** known as ODI where equity participation is maximum **9.999%**
- (d) **Portfolio investment** Outside India at **computed price**
- (e) **Other Investments** like outstanding claims on foreign **unrelated parties**

(v) **Section V – Variation Report**

- (a) **Paid up capital**
- (b) **Net worth**
- (c) **Total Sales**
- (d) **Total Purchase**
- (e) **Other Investments (liabilities)**
- (f) **Other Investments (Assets)**

4. Conclusion on Filing of the FLA Return by Corporates of India

- (i) (a) Corporates are required to file the FLA return for the FDIs and ODIs (**both**) where these are **outstanding** as on **31st** March through web portal of the RBI up to **July 15th** with the **unaudited** financial statements and up to **September 30th** with the **audited** financial statements.
- (b) Hence filing of the FLA return is **not required** where FDIs and ODIs are **not outstanding** as on **March 31st**
- (ii) Corporates are also required to file the FLA return for the ODIs where the APR has **already** been filed for the ODIs.
- (iii) Corporates are **not required** to file the FLA return for the FDIs and ODIs where:
 - (a) FDIs are **already transferred** to a resident of India **before March 31st**
 - (b) FDIs are received on **non-repatriable** basis
 - (c) Foreign **trade receivables** and **credits payable** are outstanding **without** FDIs and ODI as on **March 31st**
- (iv) **Individual** residents and **non-Corporates** of India are **not required** to file FLA returns **besides** they have ODIs
- (v) Corporates are **liable for** the **penalties** under the **concept of compounding** under the FEMA contraventions where the FLA return is **filed late** or **not filed**.

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June - 2022