



THE COMMON MISTAKES YOU DO UNDER FEMA!!

In the global era, one can register their businesses entity in various non-native destinations. Formation of a business company in foreign destinations endears tremendous skills and experiences. It now is a common practise to set up businesses globally or settle oneself in an overseas destinations to carry on business.

If you are a resident Indian having business affairs in Dubai or you are a non-resident settled in Dubai and having financial connections in India, then you must be aware of FEMA provisions before you undertaken any cross country business decisions.

FEMA (Foreign Exchange Management Act), is an Act that consolidates and amends laws relating to foreign exchange transactions in India.

Often the persons fail to comply with the provisions accurately for lack of expert professional guidance and end up in landing in non- compliance and paying heavy penalties. Any non-compliance of the regulations will result in contravention of FEMA provisions and you may have to go for compounding

of contravention on payment of the requisite penalty.

You must take out time to see if any of the following questions relate to

I. WHEN YOU ARE AN NRI SETTLED IN DUBAI

1. Do you hold the PAN card?
2. Are your saving bank accounts in India converted into NRO / NRE bank accounts?
3. You have employment visa for Dubai and you are getting salary in your UAE bank which you are a tax resident in India and not paid taxes right?
4. Is your demat account converted into Non-resident Demat account?
5. Are you filing Income Tax Return in India?
6. Have you set up an entity in Dubai while you were resident in India?
7. Whether you have remitted the share capital account of the Dubai entity under the LRS?

8. Have you opened a bank account in Dubai?
9. Are you holding shares in Indian entities?
10. Have you purchased property in Dubai by availing loan there?
11. Have you taken any loan in Dubai?
12. Are you holding any property in India?
13. Are you planning to give any loan from your NRO account to your company in India?
14. Have you sent gifts remittance to India to your relatives & have filed FCRA declaration?
15. Do you wish to invest in business of your friend/ relative in India?
16. Do you wish to lend some money to a person in India?

II. WHEN YOU ARE A RESIDENT INDIAN HAVING BUSINESS CONNECTION IN DUBAI

1. Have you set up the entity in Dubai and not remitted the share capital yet?
2. Have you paid share capital through credit card?
3. Have you created entity in UAE and have never sent share capital?
4. Have you created entity, operated for few years and then closed it down and neither sent share capital nor remitted closure proceeds to India?
5. Have you opened a bank account in UAE without employment visa and not given LRS declaration, informed to Indian AD?
6. Have you opened up a bank account in Dubai?
7. Have you availed any loan in Dubai?

8. Have you purchased any property in Dubai?
9. Do you hold shares in any entity in Dubai?
10. Are you planning to close your Dubai business and bring the investment/profits in India?
11. Have you deposited a copy of the share certificate with your AD Bank received as evidence of your investment?
12. Are you regular in filing your Annual Performance Report?
13. Has your entity filed the FLA Return every year?
14. Did your investment exceed US\$ 250,000 per financial year?
15. Are you aware whether your investment is ODI or OPI?
16. Have you received the UIN for your investment in Dubai?

17. Have you been allotted ESOP in Dubai?
18. Are you holding directorship in a Dubai entity?
19. Is your entity availed any loan from Dubai?
20. Have you made any export of goods or services to Dubai?
21. Do you have an Import- Export Certificate (IEC)?
22. Are you SEIS registered?

If you fall in any of the situations as above, you might be attracting the FEMA provisions, non-compliance of which might result in hefty penalties and unwanted delays in your desired business/ personal goals.

Disclaimer: This document has been prepared in good faith on the basis of information available on the date of publication without any independent verification and is for private circulation. AKG Advisory LLP does not guarantee or warrant the accuracy, reliability, completeness or currency of the information in this publication nor its usefulness in achieving any purpose. AKG Advisory LLP will not be liable for any loss, damage, cost or expenses incurred or arising by reason of any person using or relying on information in this publication. Readers are requested to consult a professional before taking any action.

Compiled By:
TEAM AKG

It is our constant endeavour
to create effective and useful awareness.



AKG ADVISORY LLP
Corporate and Legal Consultancy Firm

202, Siddharth Chambers, Near IIT, Hauz Khas,
Kalu Sarai, (Adj. Azad Apts.) New Delhi-110016

Ph.: +91-11-41828992, 93,94,96

Email: info@akgadvisory.com

www.akgadvisory.com